

**SWOT ANALYSIS OF A BOUTIQUE AND LIFESTYLE HOTEL**  
**- UNCLE MING RETREAT**

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## **SIGNATURE PAGE**

**PROJECT:** SWOT ANALYSIS OF A BOUTIQUE  
AND LIFESTYLE HOTEL -  
UNCLE MING RERREAT

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## ABSTRACT

As a rising star, China's boutique and lifestyle hotel sector has showed a very powerful momentum and rapid growth, primarily due to the rapid growth of capital markets and cultural construction. As for now, boutique and lifestyle hotels exist not only as a type of accommodation, but also as a culture carrier, shaping a very important format of the cultural and tourism industries. This case study is to research a small boutique hotel named Uncle Ming Retreat by conducting a Strength, Weakness, Opportunity, and Threat (SWOT) Analysis to identify the hotel's strengths, weaknesses, opportunities, and threats. The case study firstly talked about some information regarding the historical development of boutique & lifestyle hotel industry. Secondly, the case introduced the tourist attraction location named Nanbei Lake, then applied the SWOT model to this boutique hotel through a deep investigation on this hotel's strengths, weaknesses, opportunities, and threats. From the findings of this SWOT analysis, the author offers some suggestions which may help this boutique hotel to capitalize on its strengths, take advantage of its opportunities, and to minimize its weaknesses and threats. Additionally, this study could act as an assistant for people who are interested in opening their own boutique hotels in this particular area in order to market and promote this particular segment of the accommodation industry.

*Keyword: SWOT Analysis, boutique hotel, Strategic Analysis, theme hotels*

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## **CHAPTER ONE**

### **INTRODUCTION**

Over the last fifteen years, the U.S accommodations industry has experienced an evolution in different types of lodging all across the country (Timothy & Teye, 2009). This paper looks at one particular segment of this growing differentiated market of the hotel industry, the boutique and lifestyle hotel sector (Khosravi, Malek, & Ekiz, 2014). The boutique and lifestyle hotel sector has grown dramatically, becoming one of the most magnificent segment recently (Jonathon, 2013). Drewer (2005) claimed that this uptrend is related to customers searching for more unique hotels, and he noted that “instead of considering the hotel as an accommodation, customers view the hotel to provide an experience in itself” (p.131).

However, there has been little attention paid to boutique and lifestyle hotels by academic researchers. One challenge is that it seems a little difficult to examine the boutique and lifestyle hotels academically and systematically due to the shortage of well-defined terms regarding “boutique hotel” and “lifestyle hotel” (Jonathon, 2013). Later, researchers started to pay attention to defining terminology and recognized the uniqueness of boutique and lifestyle hotels (Khosravi & Malek, 2014). For example, research by Olga (2009) indicates that a boutique hotel is a very unique lodging segment originating from Greek to describe a type of small but unique and intimate design of environment. Boutique hotel is defined as “a small hotel, with an intimate and individualistic atmosphere and style” (The Chambers Dictionary, 2003, p. 175). McIntosh and Siggs (2005) in the United Kingdom and Aggett (2007) in the United

States have investigated many boutique and lifestyle hotels in a great number of countries. Both of them have identified the similar attributes— location, quality, personalized service, and uniqueness of the entity. These hotels possess the traits of contemporary and stylish design, and normally, have up to 50 bedrooms, which offer guests the unique experience (Agseet, 2007). McIntosh and Siggs (2005) did thorough research in England's boutique hotel attribute, and found that location, quality, the uniqueness of the hotel itself, and personalized services rank the top five attributes attracting travelers. Furthermore, home-feeling service and unique experience are the two factors that differentiate boutique and lifestyle hotels from other chain hotel brands, and this differentiation helps these hotels create an advantage (Jonathon, 2013). In addition, Freund de Klumbis and Munsters (2005) stated that those who own and run the boutique and lifestyle hotels have an incredible interest in art, culture and history, and at the same time they prefer to create a storytelling experience for their customers. Furthermore, Gilmore and Pine (2002) noted that many boutique hotels take advantage of a storytelling experience in order to differentiate their product from other chain hotel brands. Secondly, another boutique hotel attribute that has been widely confirmed is size. In other words, having a limited number of rooms is considered to be one of the important attributes of a boutique hotel in the academic literature (Lim & Endean, 2009; McIntosh & Siggs, 2005). According to Olga (2009), boutique and lifestyle hotels are usually small, with the number of available rooms from 3 to 50. In addition, Van Hartesvelt (2006) states that customized service is also the critical attribute that makes boutique hotels special. According to Olga (2009), many boutique hotels offer packages of service products tailored to their guests, such as spas, private Jacuzzi pools, wedding



ceremonies, and art appreciating sessions. Moreover, McIntosh and Siggs (2005) found that non-standardized services are one of the major factors of boutique hotels. Finally, the unusual interior design, and aesthetically unique architectural features are considered the most important factors of boutique and lifestyle hotels. Design is viewed as an important feature of boutique hotels (Jonathon, 2013). Additionally, research conducted by Khosravi, Malek and Ekiz (2014) suggests that another attribute of boutique hotels is called the nature of beauty. Olga (2009) stated that guests prefer luxurious comfort hotels amidst stunning natural beauty. In addition, Nobles (2006) noted that the unique and thematic ways boutique hotels are furnished, both externally and internally, make them quite outstanding. Olga (2009) also noted that words such as stylish, intimate, and home feeling are often used in describing boutique hotels. Lim and Endean (2009) also claim that “individual” is one of the most important terms in describing these hotels. Additionally, the location of a boutique hotel is one of the key factors in attracting guests, and they always consider it an important attribute (Pricewaterhouse Coopers, 2006). Olga (2009) explained that the location is not just about convenience, but more about a traditional feeling of neighborhoods. McDonnell (2005) noted that many boutique hotels are either properties refurbished and renovated from old houses with historical significance. This method of building a boutique hotel attracts travelers because it helps raise awareness and curiosity regarding the history and culture of these hotels (Freund de Klumbis, 2005). The history and the uniqueness of buildings are the two important aspects when travelers make the decision to choose boutique hotels (Aggett, 2007), and the story of the building is always used as a successful marketing tool to promote a particular property (Onstott, 2006). McIntosh

and Siggs (2005) also suggest that for some guests, staying in a boutique hotel renovated from a historical building would leave guests very special feelings.

After discussing the definitions and some important attributes of boutique and lifestyle hotels, this article includes a case study to look at a family-owned lifestyle hotel named Uncle Ming Retreat located in the heart of Nanbei Lake. The Lake is situated in the county of Haiyan, which is located nearby the north shore of Hangzhou Bay Bridge. Referring to Figure 1, the lake is situated approximately 100 kilometers from Shanghai, 90 kilometers from Hangzhou, and 60 kilometers from Jiaxing. The lake is surrounded by the sea on one side, while the other three side face the mountains (see Figure 2). A small dam divided the lake into two parts, Nan Lake and Bei Lake. There is an island located in central Nan Lake. It is a very good place for enjoying the lake view. Another island is called "Butterfly Island" because the butterfly shaped look, and it is also a good place for outdoor events. In addition, one of China's citrus planting farms is located in Nanbei Lake. Every autumn, travelers can join in orange picking. The orange trees are planted around a village called Huangsha Wu, known as the "longevity village." Visitors can have a memorable time in picking and tasting oranges. Every June, the Nanbei Lake Tourism Festival hosts a lamb eating feast, hiking competition, art shows and performance sessions, and other events that fully represent Nanbei Lake culture and customs. Figure 3 shows where the boutique and lifestyle hotel named Uncle Ming Retreat is exactly located in Nanbei Lake. Being in the center of the attraction, Uncle Ming Retreat has a spectacular view towards the mountains, easy navigation to the lake either by foot or via shuttle transport, and it put visitors just a short distance from most of the popular sightseeing destinations, as well as restaurants

and entertainment options.

Therefore, to better understand this boutique and lifestyle hotel's competitive environment, a case study will implement the SWOT analysis approach to explore the internal strengths and weaknesses, and the external opportunities and threats. With the implement of the SWOT analysis, Uncle Ming Retreat can learn valuable information to address its weaknesses and capitalize on its strengths in competing with other hotels in Nanbei Lake.



Figure 1. Geographic map of Nanbei Lake



Figure 2. Aerial image of Nanbei Lake



Figure 3. Aerial image of Uncle Ming Retreat

## **CHAPTER TWO**

### **SWOT ANALYSIS**

Greenley (1994) stated that strategic planning gives a company an opportunity to formulate its plan for the future and to improve its performance. Weihrich (1999) mentioned that there are several steps involved in strategic planning, one of which is to evaluate the status and prospects of business. One of the most effective ways is called Strength, Weakness, Opportunity, and Threat (SWOT) analysis. The word SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses normally refer to the internal factors of the organization, whereas opportunities and threats stand for the broad content or external environment in which the organization operates (Lawhead, Veglak & Thomas, 1992). Usually, an organization has control over the former than the latter factors, but the latter are no less important than the former in affecting the status of the enterprise. This analysis is not a new technique, but has been used by many practitioners and marketing researchers (Helms, 2010). Glaister and Falshaw (1999) stated that SWOT analysis has been considered one of the most popular and useful analysis tool for assessing strengths, weaknesses, opportunities, and threats for a company. Kam (2013) claimed in his research that SWOT analysis is a simple analytic tool for evaluating the internal and external circumstances regarding a business. Strengths describe what a company is good at doing in achieving its goals. It could be things such as a strong brand, loyal program that brings customers back, strong team work spirit that ties employees together, unique technology and so on. Weaknesses refer to negative attributes that slows the business down and prevent it from performing its

best and achieving its goals (Kam 2013). They are areas to be improved, so that an organization could remain competitive. Opportunities refer to positive external factors that a company could take advantage of. Threats include external factors that will put a company at potential risk (Stacey, 1993). These key factors associated with the company are listed in a 2 x 2 matrix (see Table 1) representing the internal and external factors and the positive versus negative values of each factor.

Table 1. *SWOT Matrix*

	Positive	Negative
Internal	Strength	Weakness
External	Opportunity	Threat

Normally, the internal strengths and weaknesses sit in the top row of the matrix (Helms, 2010), whereas external opportunities and threats lie in the bottom row, and factors such as trends, culture, society, economics, competitors, regulations, policy, and environmental aspects are typically included (Stacey, 1993). SWOT also contains a matrix for a diversity of combined strategies (Glaister and Falshaw, 1999). Referring to Table 2, a TOWS matrix (synonymous with SWOT) is created, and it can be used as a strategic plan developed by the factors coming from SWOT Analysis.

Table 2. *The Four Main Combinations of SWOT Analysis (Berg & Pietersma, 2015)*

	Strengths (S)	Weaknesses (W)
Opportunities (O)	SO strategies Utilize strengths to take advantage of opportunities	WO strategies Take advantage of opportunities by overcoming weaknesses or making them relevant
Threats (T)	ST strategies Use strengths to avoid threats	WT strategies Minimize weaknesses and avoid threats

The SWOT grid was originally introduced as an analysis tool to analysis a company's status and prospects (Weihrich, 1982). Researchers are able to understand how to take advantage of strengths, how to capitalize on opportunities, and how to prevent weakness from slowing the company down or how to diminish threats (Helms & Nixon, 2010). In response to the poor performance, the enterprise will initiate business strategic plans to overcome threats and weaknesses (Hofer & Schendel, 1978, Kotler, 2000). Piercy and Giles (1989) claimed that later after the 1960s, both academics and organizations have embraced the SWOT analysis approach, and the reason is simply because it is a very simple and effective way to identify these favorable and unfavorable key factors. In addition to its simplicity, Hill and Westbrook (1997) suggested that SWOT analysis does not require a participant to have computer or professional management skills to execute it. Additionally, Helms (2010) claimed that the SWOT analysis can be constructed very quickly in an organization, and can generate multiple suggestions and viewpoints (Helms, 2010). Pickton and Wright (1998) viewed SWOT analysis as a great method to formulate business strategies, and Hill and Westbrook

(1997) added that SWOT has been used in a wide range of fields, including manufacturing, hotel marketing, sales, environmental design, and airline management. Researchers have noted that a SWOT analysis is able to work as a helpful assistant to identify internal and external factors and develop suitable strategic plans for an organization to execute (Hofer & Schendel, 1978, Kotler, 2000). Research conducted by Collins-Kreiner and Wall (2007) found that SWOT analysis has the ability to organize information, particularly for preliminary research as well as for more theoretical research work. Additionally, it enable managers to better understand their businesses, and factors affecting a company's performance (Pickton & Wright, 1998), and has the ability to improve strategic plans for all types of businesses (Pickton & Wright, 1998). One more advantage, as well as a disadvantage of SWOT analysis, is that it is a methodology of evaluation. The focus on evaluation makes the approach more applied than theoretical. Finally, Valentin (2001) suggested that SWOT analysis could be used as a typical method for locating approaches to maintain a profitable fit between a financial asset and its environment. Thus, due to the multiple advantages, SWOT analysis is frequently used in the all types of different fields such as the advertising industry, hotel industry, and tourism (Evans, 2013).

In addition, SWOT analysis has also been widely adopted in tourism research studies (Hung, 2013). For example, research done by Akca (2006) implemented SWOT analysis to analyze rural tourism in Turkey and it explain the constraints andnopportunities of that particular area. Guzmán and Tejada (2008) applied SWOT analysis to SMEs in the local area by conducting interviews with hoteliers and travel agencies to analyze the quality of service. Narayan (2000) used SWOT analysis to



investigate the tourism industry in South Africa. Al-Essai, and Al-Marashadi (2010) used SWOT analysis to examine the tourism in Turkey. Moreover, SWOT analysis is very commonly used in the hotel sector. For example, Blery and Kapetaniou (2008) conducted phone interviews with hotel owners to identify the threats and opportunities for their organizations. Simons and Namasivayam (1999) researched a Hilton Garden Inn in Greece. Kee and Ghosh (1990) analyzed hotels in Singapore, and proposed a detailed plan containing a mix of suggestions for their further strategic planning. However, SWOT analysis is often used by consultants but seldom by academics (Lawhead, Veglak & Thomas, 1992). Later, in the 1960s, SWOT analysis started to get recognized as a valuable tool by academic scholar (Dyson, 2004; Ghazinoory, Zadeh & Memariani, 2007). Researchers have used SWOT only in limited literature in the academic tourism and hotel publications. For example, Wall (2002) applied SWOT analysis in Baoting, China, and Mansfeld, Ron and Gev (2000) used SWOT to analyze Muslim tourism to Israel. Although Yu and Gu (2005) claimed themselves the first researchers to investigate hotel reforms in China by SWOT analysis, their analysis was limited from secondary data and personal perspectives without exploring the practical issues from practitioners' perspectives. Another study utilized a SWOT analysis to interview people from hospitality-related institutions to better understand the Chinese hotel industry from the hoteliers' perspectives (Hung, 2013), and several recommendations are made based on the results of Hung's (2013) study.

Although SWOT analysis is used by a wide range of industries and by academics, it contains a certain number of serious disadvantages (Agarwal, Grassl & Pahl, 2012). Firstly, both industry and academic researchers criticized that the analysis is typically

conducted in a non-analytical way that produces quite amount of insufficient and general information (Hill & Westbrook, 1997). Secondly, researchers have noted that SWOT analysis is unsystematic, and does not have enough predictive ability since it relies heavily on subjective data. According to Agarwal, Grassl, and Pahl (2012), advanced researchers increasingly choose not to use SWOT as a strategic planning tool.

## CHAPTER THREE

### METHODOLOGY

By conducting SWOT analysis, strategists are able to develop systematic strategic plans to better understand an organization's situation. Strategic planning plays a critical role in setting future planning and improving performance (Greenley, 1994). This case study utilizes SWOT analysis to analyze the current situation of Uncle Ming Retreat, a boutique and lifestyle hotel. Discussions along with a mix of suggested actions will be planned accordingly.

Table 3. *The results of SWOT Analysis Matrix of Uncle Ming Retreat*

<b>Strengths</b>	<b>Weaknesses</b>
Location	High room rate
Unique design	and Limited number of rooms
No surcharge	Weak online presence
Health food	Transportation inconvenience
Special service	Limited professional hospitality training
	Business model limits growth
<b>Opportunities</b>	<b>Threats</b>
Tourism promotion initiatives by the Local government	Unstable regulation and environment
Trend on the rise	Intense growing competitors

## **Strengths**

### **Location**

In the hospitality industry, location is one of key factors to successful business (Kotler & Armstrong, 1996). The greatest strength of Uncle Ming Retreat is its location. Referring to Figure 3, Uncle Ming Retreat is located in the heart of Nanbei Lake, a perfect location spot with all three elements of mountain, ocean, and lakes. It covers approximately 60 square kilometers and consists of more than 30 scenic spots in the area such as Tanxian Rock Town, Zhonghu Tang and Bailu Zhou, Butterfly Island, Shanhai Pavilion, and Chen Congzhou Art Museum. Nanbei Lake's natural and historical beauties are attractive to tourists from places all across the country and overseas. Nanbei Lake is a national AAAA tourist attraction, one of the Top 10 leisure places for vacations in Zhejiang. When summer and early autumn come, a variety of birds fly over the island and make it their habitat, constituting an unique landscape of Nanbei Lake. Therefore, local people called it "Bailu Zhou," literally means "Egret Island." Upon entering the attraction, visitors will see an inner ribbon shaped inner lake. It has the beautiful name of Moon Dew Pond, simply because of the way of sacred water pouring down from the moon. Islands and lakes create a natural organic formation, and no wonder tourists like to call it "Little Three Pools Mirroring the Moon." Nanbei Lake also possesses a number of exceptional conditions. It has four distinctive seasons, an average temperature of 17°C, and the best air quality in Zhejiang province. There is a village called Huangsha Wu, which is located nearby the sea in the area of Nanbei Lake, and it is honorably recognized as the longevity village. In addition to Nanbei Lake's superior ecosystem, its geographic

location also gives the lake a great advantage. Being in the middle of two major cities of Shanghai and Hangzhou, 1.5 hrs drive to both cities, makes Nanbei Lake a perfect place for a few days getaway for people living in urbanized areas. Also within walking distance, Uncle Ming Retreat gets the most convenient access to numerous local veg-farms and family style restaurants.

### **Unique Design**

Uncle Ming Retreat is a family owned boutique and lifestyle hotel, which is located on the main street of Yixian Town at the center of Nanbei Lake. It aims to provide customers with “home feeling” accommodation. The hotel is designed to combine natural elements with unique decoration. The 200 square meter patio space, with a mountain view and lotus pond, gives this family boutique hotel an incredible highlight. Uncle Ming Retreat is characterized by a “home feeling” atmosphere and an idiosyncratic style; it distinguishes itself from other hotels in the area of Nanbei Lake by offering personalized attention and styled accommodations.

The architecture and interior design of Uncle Ming Retreat is unique as it combines Chinese traditional Qing-Dynasty style with chic elegance and contemporary, quaint, and homey decor for the internal amalgamation. The hotel offers only 9 guestrooms, featuring different individual decoration. Each room features a different theme with mountain views, including two rooms with bathtubs towards the mountain in the distance. Another great strength of this hotel is that the owner and her family members are Chinese painting artists, so they select different pieces of art works with their own special taste of appreciation, which gives the hotel an artistic style with fastidious decor. The owner adores simple and robust original materials. She would

rather put quality before quantity, choosing every ornament with special taste. Implementing the philosophy “comfort is the top priority,” Uncle Ming Retreat equips its rooms with the most comfortable beds, soft towels of high quality, shampoo, conditioner, body wash, body lotion, cold cream soap, and pillow-top mattresses to give guests the ultimate experience. Furniture made of black walnut exudes a deep and soft sheen; the texture of the entrance door and many shelves are made of exquisite old elm, giving the whole space a unique aesthetic. Regarding the furniture selection, the owner pays attention to the simplicity of symmetry. Considering the relationship between bedroom and public living space, she chooses simple designed, soft edge furniture in order to save and divide space. Inside, there are two public spaces for guests: one is located on the second floor, used to host events, lecture, and small team building sessions, and the other is in the basement floor used as normal dining room. Instead of installing ceiling lamps that appear very often in usual family rooms, the hotel provides a number of spot lights. Different spot lights are atmospherically responsible for different areas; in that way, spot lights create different ambience and textures to the environment of the hotel. In addition, the patio is another great advantage for this boutique hotel. Similar to a rooftop, it accommodates approximately 100 guests and can be used to host weddings and big group events.

### **No Surcharge**

No extra surcharges is another attractive attribute for customers. Once guests pay the room rate, they do not need to worry about any surcharges in this family style hotel. Guests can enjoy many valuable services without paying extra. The services include two

entrance tickets to Nanbei lake, a free breakfast, and free afternoon tea set. Additionally, each room is equipped with high speed wireless Internet.

### **Health Food**

The free hot breakfast is another great feature. The owner provides a traditional Chinese style breakfast made from organic ingredients every morning. The owner arrange for the local farm to make the delivery twice a week, ensuring that guests have fresh and different breakfasts all the time. Meals vary everyday depending on customers' preference, and the choices usually include porridge, organic meat, eggs, freshly picked up fruit, vegetable, homemade pastry, and drinks. Customers always give excellent comments on the breakfast. Most returning guests claim that it is the meals that distinguish this family owned hotel from all other hotels in Nanbei Lake area.

### **Special Service**

Highly personalized service is another signature feature of this boutique hotel. The owner always remembers a guest's name on the first day of their stay. For those who live busy lives, this hotel provides inclusive luxury meditation retreats, offering a chance for guests to take time out to reflect and relax in the mountains. It can be a life changing experience for guests who are extremely interested in learning about the art of meditation. In addition, specially organized herbal tea retreats work as a customized way to allow guests and the owner to communicate. Providing different types of Chinese herbal teas and teaching them how to drink tea not only honors the guests, but makes this family-owned hotel distinctive from others. In this family hotel, guests have the opportunity to join art clubs hosted by the owner and to learn how to paint, do arts and

crafts, and other things related to art. What is more exciting about staying in this hotel is that guests who stay for more than 2 nights at one time will be offered a gift painting from the owner's parents, who are famous water-color painting artists in China.

## **Weakness**

### **High Room Rate and Limited Number of Rooms**

Because of the limited number of rooms and its customized services, Uncle Ming Retreat sets the room rate at approximately \$200 per night, which is twice as high as the other hotels in the market area in order to ensure enough profit. Although the owner has done thorough research in the market and has great confidence about the pricing due to the unique location, decoration and experience it offers to its guests, the high pricing undoubtedly has some negative effects in attracting an adequate number of potential guests. There are only nine rooms in this family style boutique hotel, each individually decorated. All of the rooms are intimate in scale, creating the feeling of being a personal guest in a private home, rather than just a hotel occupant. However, having such a limited number of rooms, Uncle Ming Retreat cannot enjoy an economy of scale, which makes the operating costs much higher than that of a normal hotel. Therefore, this family hotel cannot take big bookings since it only has nine rooms. To some extent, it has negatively affected its reputation among its potential clientele who would like to choose this hotel, reducing its ultimate demographics.

### **Weak Online Presence**

This small hotel has a very weak presence on the Internet. It does not have its



own website to show detailed information to customers. According to what the owner said, she would like to find some professional web designers to help but could only pay a budget price. So far, the owner communicates and gains customers by using WeChat, a Chinese social media platform, and most of the customers know this hotel by word of mouth or WeChat postings. Due to the limited exposure on the Internet and through social media (Sina Micro blogs and Instagram), Uncle Ming Retreat has not created an online presence to obtain young modern customers.

### **Transportation Inconvenience**

Driven by its booming economy and rising disposable incomes, China has witnessed a tremendous increase in the number of independent travelers (Xie & Li, 2009). Families with private vehicles prefer to drive to a tourist destination if the distance is within three hours. However, due to the regulation set by Nanbei Lake Tourism Administration, private cars can only be allowed into the attraction after 4 o'clock in the afternoon. Prior to that time, all tourists must enter the attraction either on foot or by shuttle bus provided. For those who are willing to take public transportation, the easiest and fastest way is to take the high-speed train and transfer to a long-distance coach at Jiaxing South Railway station to get to Nanbei Lake. The distance between the station and Nanbei Lake is approximately 40 kilometers. Such an inconvenient approach caused by the limited public transportation and the entry schedule set up by the Nanbei Lake Tourism Administration might possibly drive a great number of potential guests away, which reduces the occupancy rate of this boutique hotel.

### **Limited Professional Hospitality Training**

Uncle Ming Retreat is funded and managed by its owner, a young painter who is attracted to the boutique and lifestyle hotels culture. Indeed, she and her family renovated the old house and turned it into a small family style hotel, but none of the family members have taken any professional training to be an expert in hospitality management. Uncle Ming Retreat is a small boutique hotel in which there are five staff members including the owner herself. The owner herself works as the manager of this property, taking care of the responsibilities of room booking, breakfast reservations, and event organization. There is also a part-time chef hired from a local restaurant and two ladies who are responsible for maintenance and housekeeping. Most of the Uncle Ming Retreat's employees have lived in or near Nanbei Lake for years and have limited professional experience in the hospitality industry. In other words, they are not hospitality professionals, and they lack professional knowledge of this industry. Although they work very hard to serve the guests, not having enough professional knowledge of the industry could possibly put them and their guests in the potential risk of legal issues that they are not even aware of. They either might not do the housekeeping well enough to satisfy guests or might not respond to the guests properly. All of these risks could reduce the customers' satisfaction and then cause the deterring of customer returns.

### **Business Model Limits Growth**

Normally, hotels prefer the business model of franchising rather than owning the property. For instance, a chain hotel brand named Marriott operates over 45% of its

hotels under management agreements, 55% under franchise agreements, and only 5% are owned or rented by the company. However, Uncle Ming Retreat is a family owned and operated property, not a franchised hotel. Under the current circumstance, the owner has already spent most of the budget in purchasing the old house and in remodeling it. In the near future, there will not be sufficient amount of budget for upgrading the facility and remodeling, in order to meet customers' ever growing expectations.

This family has no concerns regarding paying an annual lease fee, as they own the land and run the hotel themselves. However, they need to worry about the fact that currently, the nonstandard business model might bring disadvantages such as the limited ability to expand the hotel. The owner must learn how to standardize the hospitality service of this unique hotel and expand the family business by opening new branches with even more rooms.

## **Opportunities**

### **Tourism Promotion Initiatives by the Local Government**

Given the importance of the tourism revenue to the county of Haiyan, the government has taken several initiatives to promote tourism. The government has launched the Six Flags Amusement Park site approximately 15 kilometer north to the lake near the ocean, which will be open to the public in 2020. This magnificent project should bring a great number of tourists to the county of Haiyan, in which Nanbei Lake is located. Accordingly, the county of Haiyan and Nanbei Lake will introduce more tourism elements with great passion to enrich the tourism industry in that area. Further, to increase the tourism product variety, the Nanbei Lake film and TV culture park project was signed into action. Additionally, the government made a plan to develop and

construct a huge culture-theme village, which includes lodging, restaurants, and the shopping for travelers.

Thus, all these initiatives taken by the Haiyan government to boost tourism are expected to provide Uncle Ming Retreat with more growth opportunities.

### **Trend on the Rise**

According to Zhejiang Tourism Bureau, the number of tourists from Shanghai who chose small boutique hotels and B&Bs doubled during the Chinese national holidays compared to last year. This unstoppable trend of travelers being attracted to the uniqueness of small boutique hotels and B&Bs is growing. Instead of booking a common-style room at a big chain hotel, travelers choose home-feeling boutiques primarily because travelers know that the people who open up these boutique hotels, to a certain extent, are artists, and those who choose to stay there would like to take the advantage of living amidst an artistic environment.

Meanwhile, cities near Shanghai have witnessed a tremendous growth in travelers traveling by private car. Thanks to the Chinese government's reducing the highway toll fee all over the country, increasingly more independent travelers are willing to take their families to places around where they live, and they are more likely to do so if the destination is within an approximately 2-3 hours drive.

Another piece of good news is that the rise of Air-bnb has brought some advantages to the Uncle Ming Retreat, since the Uncle Ming Retreat has done very well in offering guests a "home feeling" experience, which is in accordance with the original idea of Air-bnb. Staying with Nature Retreat is similar to staying with local people in their own homes or apartments. The owner can offer either a room rental or the entire

property rental for absolute privacy. This actually blurs the boundary between stylish B&Bs and boutique hotels.

Therefore, all the trends above will boost the economy of tourism and create potential demographics of customers who are interested in the Uncle Ming Retreat, as long as this hotel keeps doing a good job in promoting itself to its target customers.

### **Threats**

#### **Unstable regulation and environment**

The lodging business is very sensitive to external factors such as regulations and policies in the specific area (Gut and Jarrell, 2007). Any changes in the regulations could reduce the tourist attraction's profits or increase its costs and could negatively affect people's tendency to travel. Changes to these laws, regulations, and policies, including those associated with government subsidies, tax or financial reductions, could also reduce the company's profits. For example, some local governments encourage and welcome locals to open family-style boutique hotels by offering them tax reductions and subsidies. The more rooms the owners manage, the more compensations they will obtain. So far at this moment, the local government of Nanbei Lake has not done anything yet to spur the small boutique hotels and B&Bs industry. If the government does so, it would help these business owners reduce their income tax, and thus increase profits. However, in this particular case, what Uncle Ming Retreat can honorably offer to its guests is to take fifty percent off on the attraction entrance fee, which is included in the room rate.

In conclusion, all of these incidents could result in lower check-ins at the Uncle Ming Retreat, which will affect this boutique hotel's business and reputation in the long run.

### **Intense Growing Competition**

Uncle Ming Retreat faces strong competition from other hotels nearby. There are two boutique hotels with a similar decoration style, but inferior locations, whereas there are also a large number of independent hotels present in the county of Haiyan. Although Uncle Ming Retreat is located in the heart of the Nanbei Lake, which gives this boutique hotel a far more superior view toward the mountains, all the hotels with similar pricing can be viewed as competitors, because they have similar access to Nanbei Lake. Moreover, most of the competitors have more rooms with prices that are lower than those of the Uncle Ming Retreat.

## **CHAPTER FOUR**

### **DISCUSSION**

Implementing the SWOT analysis strategy to the Uncle Ming Retreat is an effective act that helps gain in-depth insight into the hotel's situation. Although a number of weaknesses and threats to the Nature Retreat Boutique hotel were identified in the process of the analysis, this case study identified many valuable strengths and opportunities. In general, the owner should be optimistic about the future of Uncle Ming Retreat. With a mix of proper corresponding strategies to optimize its strengths and opportunities, and offset the weaknesses and threats, Uncle Ming Retreat will have the opportunity to lead in the boutique hotel business and become the winner in the Nanbei Lake area.

Given that a weak online presence is one of the weaknesses of Uncle Ming Retreat, the owner should work on its own website to improve the profile of the hotel on each social media platform (WeChat, Microblog and Instagram). Currently, nearly 2.1 billion people have social media accounts (Bullas, 2015). Enhancing its social media profile will offer the opportunity for the Uncle Ming Retreat to target and reach a vast number of potential guests and give this small hotel a unique personality. The proper way to enhance its social media profile would be to use high-resolution images, to make sure all information is complete and accurate (location, rooms, unique design, organic meals, activities pricing, and what is included), and to make sure the hotel can accept reservations through WeChat or Facebook. Second, the hotel should also partner with Air-bnb and at least one of the popular thirty party websites for boutique and lifestyle

hotels, which could bring the hotel a large audience as well. Thus, when used effectively, social media can build a relationship of trust between Uncle Ming Retreat and its guests, and thus increase revenue.

One of the biggest strengths of Uncle Ming Retreat is its location. It is conveniently located in the heart of Nanbei Lake near the attractions, and it is surrounded by beautiful views. To make good use of that advantage, Uncle Ming Retreat should partner with local restaurants and local scenic spots to offer discounts. As a result, customers would feel that they were treated specially. With regards to the pricing of the Uncle Ming Retreat, promotions and discounts should be offered to the customers during weekdays. Discounts could be offered to leisure guests who stay for a minimum of two weekdays. The hotel could also create some type of loyalty program to keep guests coming back. The hotel should offer a free weekday night stay when guests have spent a specific number of nights at the hotel.

Another strength of the Uncle Ming Retreat is based on the combination of its customized service and the uniqueness of its owner herself. The owner should keep working to maintain its stylish decoration in order to create a memorable experience for guests. As an artist, she can work closely with some art galleries and invite guests and artists to hold the exhibitions in the hotel. Such an activity would act as the best marketing tool to promote the publicity of the hotel and continuously build a unique personality for the hotel. Additionally, the hotel should promote its property for wedding ceremony and business meeting packages to increase its revenue. Specially personalized services such as meditation, tea brewing, and painting should be available in the hotel as well. Although the hotel sets the room rate much higher than do competitors in the area,



guests will choose this hotel as long as the hotel differentiates its product and services from other hotels to precisely target its potential customers.

To solve the weakness of transportation inconvenience, the hotel needs to build a good relationship with the Nanbei Lake Tourism Administration so that it can offer guests the permission to enter the attraction prior to 4 o'clock in the afternoon when they show booking confirmations at the entrance gate. For guests who travel by high-speed train from cities nearby, the hotel should provide courtesy pick-up at the Jiaxing South Train Station.

Recruiting and training the right personnel are the essential elements for implementing quality service in the hotel. Uncle Ming Retreat has a shortage of professional hospitality training. Professional service training should be provided to not only the owner but also the staff members by a hospitality expert. Thus, proper training would make the hotel's staff more confident, engaged, and productive, which would lead to better customer experience and satisfaction.

## **CHAPTER FIVE**

### **CONCLUSION**

The paper has focused on identifying the internal strengths and weaknesses, and the external opportunities and threats to an independent boutique hotel located in Nanbei Lake by implementing a SWOT analysis as well as offering recommendations on how the owner could diminish the weaknesses and capitalize on the strengths to promote Uncle Ming Retreat.

This case study, although it uncovers many aspects of this hotel's situation by implementing the SWOT analysis strategy, carries some limitations. First, this research was carried out as a typical case study, and mainly focuses on Uncle Ming Retreat, so the results might not represent other hotels, meaning that the findings and recommendations cannot be applied to other cases. Thus, general research including all types of local hotels is needed for the development of Uncle Ming Retreat. Second, although a number of the strengths, weaknesses, opportunities, and threats associated with Uncle Ming Retreat were identified in this study, the usefulness of the results would be improved if the hotel were given a certain amount of time to apply these strategies and then monitor the effect. Third, there is a lack of sufficient data to support the evidence of the SWOT analysis. Implementing both qualitative and quantitative methods would be more systematic and enhance the usefulness of the results.

However, SWOT analysis is a very powerful tool to help Uncle Ming Retreat to compete with other hotels in the Nanbei Lake area. According to the results of the SWOT analysis, Uncle Ming Retreat needs to adjust its marketing plan to identify its target market and to establish the hotel's uniqueness in this niche market.

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