


Expansion Strategy for Stay Heirloom in Savannah

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Market Potential Why Savannah?


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1. Weather
 2. Every season has different set of activities.
 3. Savannah is one of the most popular haunted cities in America offering best celebration destination for Halloween.
 - a. Offers ghost tours and frightfully fun cemetery adventures during the all year, being the perfect destination for thrill seekers of all ages.
 4. Savannah film festival - More than 50,000 people attend this every Fall season
 5. St. Patrick's Day Parade - More than 30,000 tourists come to witness the celebration.
 6. Savannah is ranked as the No. 3 city in the United States according to the *Travel + Leisure* World's Best Awards which is before New York, San Francisco or Boston.
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Competitors:

Hotels:

1. Hampton Inn Savannah-Historic District
 2. Hilton Garden Inn Savannah Historic District
 3. The Cotton Sail Hotel Savannah, Tapestry Collection by Hilton
 4. DoubleTree by Hilton Hotel Savannah Historic District
 5. Homewood Suites by Hilton Savannah Historic District/Riverfront
 6. New hotel on River Street.
 7. Hampton Inn & Suites Savannah Historic District
 8. Embassy Suites by Hilton Savannah
 9. Hampton Inn & Suites Savannah/Midtown
 10. Hilton Garden Inn Savannah Midtown
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1. In our strongest opinion, the best option is to use a strategy which works best for the company. Hence, we propose the below:
 - A) **Master lease** - Depending on the quality of the existing available infrastructure, we lease a building according to various season and expected customer footfall. Since this would be a short term rental, it will help save cost for the ones which are being leased for long terms.
 - B) **Partner** - Stay heirloom will come onboard as a financial investor which a vision to buying out the space in future. The company will invest and create a space according to the needs of the customer and then accordingly plan to buy this property in future which will eventually be an asset creation for the company.
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Risk Analysis

Operational Risks

1. Overall real estate market losses would lead to an asset loss on value of Stay Heirloom.
2. Failure to maintain franchise agreements on favourable terms
3. Failure to maintain adequate insurance policies “which may not cover all potential losses

Strategic Risk (Internal)

1. Risk that the Group’s established values and how it conducts itself could be diluted by future actions.
2. The Group’s strategy is to expand its activities in the Savannah market, adopting a predominately capitallight and leasing model. There is a risk that this strategy will not deliver on expectations resulting in financial losses or lower than expected returns.

Financial Risk

1. Declining revenue per room availability (“RevPAR”)
2. Capital expenditure is not properly evaluated, approved, monitored and/or accounted for, resulting in material overspend.
3. There is a risk that a material financial controls failure, or management override of controls, results in either financial loss or misstatement in the financial statements.

Risk Mitigation Measures

Operational Risks

1. Have a well drafted agreement
1. Failure to maintain franchise agreements on favourable terms
2. Failure to maintain adequate insurance policies "which may not cover all potential losses

Strategic Risk (Internal)

1. Defined Group values that are embedded into the way that we, as a company and individuals, behave and focus on these behaviours by Executive management.
2. Detailed analysis of potential investment locations.
3. Consideration of financial and nonfinancial indicators.
4. Liaison with developers/partners in terms of site selection and financing.

Financial Risk

1. Have a pre-decided threshold level to check for declining RevPAR and accordingly plan the operations of the property.
2. Capital Expenditure is approved, monitored and accounted for in Central Office.
3. External auditor review of financial statements and key financial judgements.
4. Clear division of responsibilities in key finance areas



How To Face Competition


1) **Social media campaign:** Start an effective campaign for your property which will showcase its unique story setting apart from competitors. In the campaign video, highlight:

1. friendly people who work there;
2. the special experiences only the property provides;
3. High level of hospitality visitors can expect.

2) **360 video:** A user friendly website with good image quality, giving a 360-degree HD video view of rooms giving customers the power to choose the rooms after viewing the images. Making our website is mobile optimised. According to Google Consumer Insights 2018, over 70% of U.S. travellers agree that they “always” use their smartphones when traveling,.

3) **Secure gateway** – Data breach happens to be a big issue for hospitality industry. Thus, it is important to provide secure gateway for check out and pay through major bank credit cards.

4) **Sharing customer experience:** Have a deal where the users get to unlock deals for their future stay when they share their experience along with several pictures on social media.



6) **Public or Private partnerships**: Partnering with corporate companies and giving them special discount in off season for retreat will allow us to keep financial cycle in off season also.

Partnering with colleges and university and providing them a special student discount, partnering and attracting student clubs.

7)) **Millennial Division**: Making a special division in company which deal with Millennials travel. Different generation want different thing while they travel.

For example: A 40 year old man want a different hotel ambience compared to a 25 year old youth.

Also, Savannah has a large number of 1 bed rooms = 398 rentals (33%), and 2 bed rooms active rentals = 450 rentals (37%).

With solo travel trending nowadays, this concept will be profitable.

8) Booking lead time indicate that maximum % around 26 % people book at last 3 days so company should decrease their booking cut-off times by using some software that will create a up-to-date database on all channels and your prospective customers know how many spaces you have left.




Market Evaluation Criteria

1) **Market Size** - Savannah tourism industry is increasing at a good rate. According to Savannah chamber tourism industry generated **\$63.1 billion** in economic impact for 2017. That is a 3.8% increase from the previous year.

2) **Urgency**: With increase in number of visitors, the need of place to stay is also increasing according to Savannah chambers.

For overnight visitors, the mix comprises of 91% leisure travel and 9% of business and business-leisure travel. Overnight visitors stay approximately 2.3 nights in Savannah. It indicates that city require urgent need of more hotels.

3. **Pricing Potential** - Average daily rate is **\$213** and average revenue is **\$2635 for 3 months** which makes market looks more promising.



- 4) **Cost of Customer Acquisition** - Taking out how much money will it cost to acquire a new customer
- 5) **Market Speed**: How quickly can we deliver product to market?
- 6) **Offer Uniqueness** – How can we stand out from other companies like Airbnb, Hilton etc.
- 7) **Market Stability**: How long and how much effort we require to continue our services in order to get optimum output.

