

# H-HOTEL

## The Problem

You are hired by H Hotel to advise whether they should raise their daily room rate from \$160 to \$180.

## Industry Overview

- Overall market: stable.
- Segmentation: the hotel industry can broadly be divided into two segments that serve different customer needs – one for business purposes and the other for Vacation.
- Competition: The client is the leader in the Business Hotel segment and an average player in the Vacation Hotel segment.

## Which Segment do you think the Hotel shall focus upon?

Why? Give a complete analysis with carefully laid out assumptions for the same. Also structure of the analysis shall be given due weight.

Your analysis shall also focus upon

- 1- Internal Company Analysis so as to figure out reasons to carry out your proposal.
- 2- External Competitor Analysis for the same.

## We shall also need a Customer Analysis for the action, keeping in mind the following questions-

- 1- How is the price increase going to impact consumers' behaviour?
- 2- Assuming H Hotel successfully increased the price, what can they do to the "end user" to increase demand?