

dusitD2 Hotel Constance Pasadena

Yang Zhang, California State University, Los Angeles
Stephen J.J. McGuire, California State University, Los Angeles
Kern Kwong, California State University, Los Angeles
Niyati Gosalia, California State University, Los Angeles
Manika Tiwari, California State University, Los Angeles
Neda Abousaidi, California State University, Los Angeles

Abstract

Singpoli CEO Kin Hui had acquired a choice property in Pasadena, California, on which he designed a brand new boutique hotel. Hui bought a dusitD2 franchise for a fraction of the cost of a Marriot or Hilton franchise. In 2018 the hotel boasted a 75% occupancy rate, a 4.5 rating on TripAdvisor, and delighted customers, and was planning to double the number of rooms. The decision to buy a dusitD2 franchise appeared to have been very wise. Was it?

The case provides an overview of the boutique niche in the hotel industry, a review of franchise agreements, and an explanation of the performance metrics used in the industry. It describes the hotel's operations and the major marketing actions.

Learning Outcomes

In completing this assignment, students should be able to:

1. Prepare an analysis of the hotel industry using Porter's 5 forces and determine its attractiveness to an investor.
2. Prepare an analysis of the hotel's marketing mix using the 5Ps model. Draw conclusions from the analysis and recommend changes.
3. Explain the advantages and disadvantages of a hotel franchise (to a property owner).
4. Evaluate alternative franchises against a set of criteria, in the context of a hotel business opportunity.
5. Demonstrate the ability to formulate logical choices to take advantage of a business opportunity and evaluate choices against decision criteria.

Application

The case is intended for use in a graduate general business administration or entrepreneurship course. It should probably be used early in the term as it allows for industry analysis. Since the case lends itself to industry analysis, branding, and marketing strategy, it should be used in the first half of such a course.

Key Words

Boutique hotel, franchise, marketing mix, industry analysis, performance metrics, brand equity

Contact

Stephen J.J. McGuire, California State University, Los Angeles, 5151 State University Drive, STF 706, Los Angeles, CA 90032. Email steve@mcguire.net. Phone 323-343-2897.