

# *Feng Chia University* *Outstanding Academic Paper by Students*

Title

Case Analysis : R Motel

**Author(s):** Yui-Ying Liu

Class: 2nd year of International Master of Business Administration

Student ID: M9805467

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Instructor: Dr. Yvonne I Han

Department: International Master of Business Administration

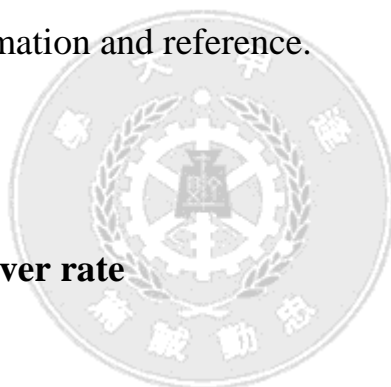
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## Abstract

Since 1981, motel become popular in Taiwan, even threat some hotels or resorts. Time went by, motel tend to elegant, fashion and high fixed asset investment, this report will do some analysis of motel industry in Taiwan, and take R Motel as a case, analyze the internal environment and external environment of it, focus on this motel's employee problems, sales problems and management problems, provide some solution and suggestion, so that other motels owner or anyone who is interested this subject can get more information and reference.

**Keyword :** Motel, turnover rate



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## Industry Overview in Taiwan

Motel comes from “motor hotel” which started in 1901 in America, the definition of Motel is “a hotel for motorists, typically having rooms adjacent to a parking area.”

The rise of motel in Taiwan since 1981, and the first motel in Taiwan named “California hotel”. Now, time went by, there are about 850 motels in Taiwan, the geographic distribution of Motel in Taiwan as below:

Table 1. Motel Amount in Taiwan (by geography)

City	Motel Amount	City	Motel Amount
Taipei	36	Yunlin	40
New Taipei	109	Chiayi	38
Keelung	5	Tainan	66
Taoyuan	107	Kaohsiung	93
Hsinchu	33	Pingtung	44
Miaoli	25	Taitung	7
Taichung	122	Hualien	16
Nantou	33	Yilan	30
Changhua	40	<b>Total</b>	<b>844</b>

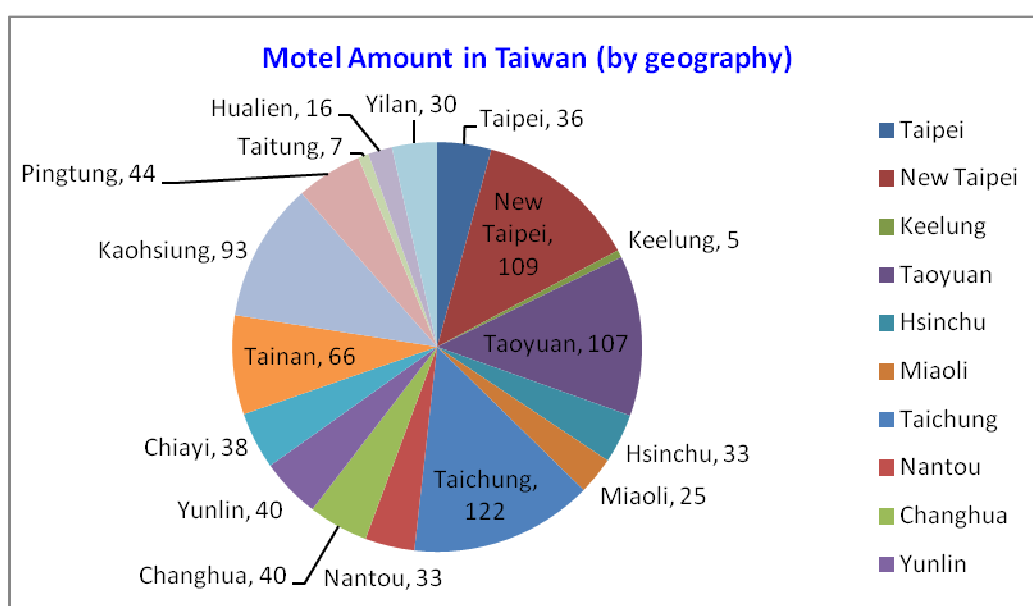


Figure 1 Motel Amount in Taiwan (by geography)

The development of Motel can be divided into four stage, illustrate as below:

Table 2 four stage of motel development in Taiwan

Stage	Time	Features & Location
First	1981-1988	Features: focus on traffic convenience Location: at main roads or high way interchanges.
Second	1988-2000	Features: focus on privacy, clean and comfortable Location: high way interchanges and alley
Third	2000-2004	Features: emphasis on luxurious, specific topic and high privacy Location: commercial district and residential district in the city
Four	2004-now	Features: high quality, include software and hardware Location: commercial district and residential district in the city

At beginning, motel just a place for travelers who drive a car to live and rest, now, people's demand changed, motels have to provide more creative and special service and hardware for their customers, so that motels can attract customers come. The features of Motel nowadays include:

- (1) High investment of equipment
- (2) Focus on fashion and high quality
- (3) Foreign atmosphere
- (4) Combine leisure and entertainment
- (5) Shower room well decorated

- (6) Large space
- (7) Emphasis on enjoy the atmosphere
- (8) The range of main customers expand
- (9) More focus on women customers' demand and feeling

From above data we can know that the competition in Taiwan's Motel Industry becomes very intense. The bosses have to investment quite amount money and provide good service which is different from others. I use Porter's five forces analysis to analyze the competition state of motel industry



Figure 2 Porter's Five force analysis

First, we need to define the suppliers of motel, the suppliers of motel are the company who provide the products, land or house to motel, such as food supplier, cleaning product supplier, landlord, furniture supplier and manpower...etc. The five force of motel industry are:

[Bargaining power of supplier:](#)

High, cause there are many motels in Taiwan, suppliers can sell products to different motels, and the purchase amount of each motel is very low.

#### Bargaining power of customer:

Although motel charge more than many other hotel, but More and more people choose Motel to live when they go traveling, and on Valentine's Day, we can see that many customers waiting in the line to get into motel, so we can say that the bargaining power of customer is low.

#### Threat of new entrants

Customer like to try new things, and according newspaper report, the percentage of gross interest of motel is more than 50%, although the owner need to invest a lot at beginning, there still more and more people want to join motel market, the business hotels, hot spring resorts, and tourist hotels, all can be the new entrants of motel industry, so the threat of entrants is high.

#### Threat of substitute products

If the customers want to take a rest, many of them will choose motel, if the customers want to stay over night, they have many other choices, so, base on taking a rest, the threat of substitute products is very low.

#### Competitive rivalry within motel industry

High, because the quantity of motels in this industry is very high, the competitive rivalry is very intense.

## Company Introduction\_R Motel

R motel was established in March, 2008, it located in Kang Shan, a small town near Kaohsiung. There are about 93 motels in big Kaohsiung area, 34 of them locate in Kaohsiung county. R motel has 28 rooms, the room type and price range matrix shows below:

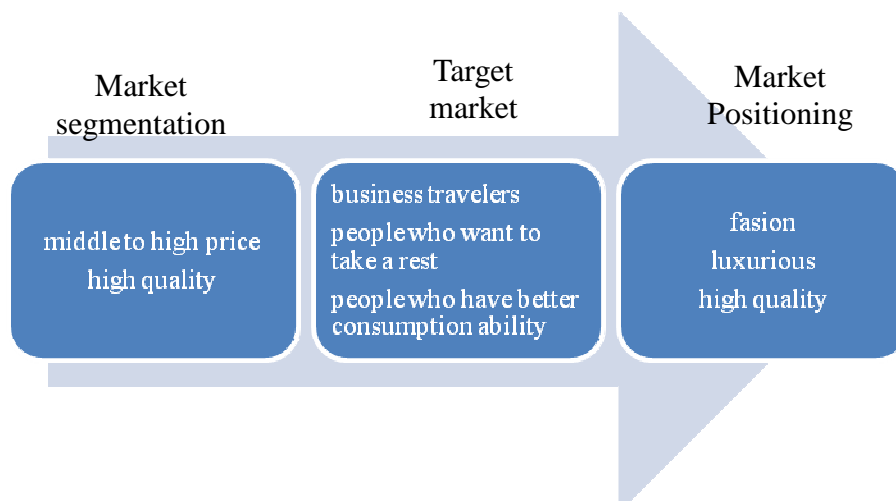
Table 2 Room type and price range of R motel

Type	Price Range(NTD)
Original Price(overnight)	5,200~10,880
VIP Price(overnight)	2,860~5,980
Rest Price	980~1,880

### The mission of R motel:

Providing the customers a secret place for vacation near the city to relax and enjoy, in order to recall their romantic feeling.

### STP analysis of R motel





### 4P of R motel

➤ Product:

Hardware: king size bed, big size flat television, high level bathroom, include massage bath, steam room. Two set breakfasts, instant noodles, snacks, drinks, two set toilet appliances..etc.

Software: friendly service, clean, comfortable, romantic feeling...etc.

➤ Price: middle to high price. Design VIP price for their special customers.

➤ Place: near high way interchange, near the urban of Kang Shang.

➤ Promotion:

Online: cooperate with ezTravel agent, customers can order online and get discount, ezTravel agent can share the profit with R motel.

Design website: <http://www.royalsecretmotel.com.tw/about.html>, blog, and facebook.

Print media: Newspaper and magazines

word of mouth



### SWOT analysis of R motel

Strength	Weakness
<ul style="list-style-type: none"> <li>• High quality</li> <li>• Location in good position in Kang Shang</li> <li>• Low Cost</li> <li>• Flat organization structure</li> </ul>	<ul style="list-style-type: none"> <li>• Location in small southern county</li> <li>• Have less room.</li> <li>• High price</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>• Near southern science park</li> <li>• More and more people like to go to motel</li> </ul>	<ul style="list-style-type: none"> <li>• Less Sightseeing point near motel</li> </ul>

The boss of R motel is a woman who is 50 years old, she invested about 2 billion dollars for R motel. The boss also manages a district hospital in Kang Shan, she don't have enough time to handle and manage this Motel, so she hire a manager to handle R motel for her, the organization structure of R motel as figure 3.

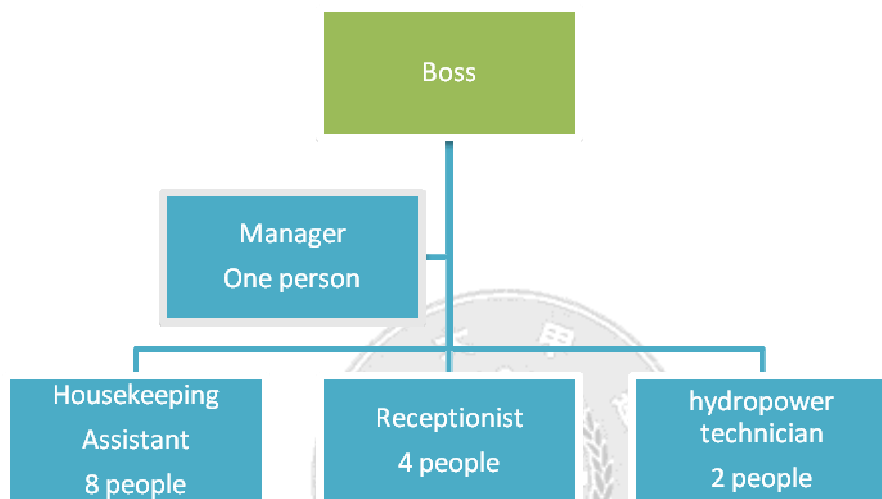


Figure 3 organization structure of R motel

There are 15 stuffs of R motel, one is manager, eight people are housekeeping assistant, 4 people are receptionist, and 2 people are hydropower technician. All employees are full time, and have 4 days off a month. Recruit channel: newspaper, website

➤ Housekeeping Assistant

Working hour: 8 hours

Two shifts: 8:30~17:00      16:30~1:00

Salary:\$18,000/month

➤ Receptionist

Working hour: 8 hours

Three shifts: 7:30~15:00      15:00~23:00      23:00~7:00

Salary:\$22,000/month

## Problems Facing

### Employee problem:

- the turnover rate of housekeeping assistant is very high, and manager has to train the new recruits herself, spends a lot of time.
- If lack of housekeeping assistant, manager has to help the housekeeping work, sometimes make her have no enough time to do her own job.
- Because of the location and salary level, it's hard to have good quality employee.(steal stuff or sleeping during work)

### Sales problem

- How to attract more people come, increase the profit?
- How to make customers come again?

### Other problem

- How to reduce customer steal event?
- Customers booking by ezTravel, but when they arrive hotel, the amount of people more than they booked on line (one extra person, need add 600 dollars), the extra fee often makes the customer unhappy.

### Recommendation and Suggestion

Employee problems		
No.	Problem statement	Solve suggestion and recommendation
1.	the turnover rate of housekeeping assistant is very high, and manager has to train the new recruits herself, spends a lot of time.	<ul style="list-style-type: none"> <li>➤ Assign one senior staff of housekeeping assistant to be the leader, pay her more money, and she need to afford more responsibility, such as training new recruit, arrange each housekeeping assistant’s working schedule, if someone doesn’t come to work suddenly, the leader should take over that stuff’s work.</li> <li>➤ Coordinate with school near motel, students can come to training, have practice experience and get credit.</li> <li>➤ Write standard operation process of housekeeping work, let new recruits can understand what they need to do quickly.</li> <li>➤ Hire some part time job employees, they can provide help immediately, and cost less.</li> <li>➤ Give promote channel and different salary level.</li> <li>➤ Increase employees’ loyalty of this motel.</li> <li>➤ Design 360 degree assessment.</li> </ul>
2.	If lack of housekeeping assistant, manager has to help the housekeeping work, sometimes make her have no enough time to do her own job.	
3.	Because of the location and salary level, it’s hard to have good quality employee.(steal event or sleeping during work)	<ul style="list-style-type: none"> <li>➤ Increase the salary to attract high quality employee.</li> <li>➤ Coordinate with school near motel, students can come to training, have practice experience and get credit.</li> <li>➤ Hire relatives or friends.</li> <li>➤ Design “best employee” mechanism to encourage employee to give better service.</li> <li>➤ Provide training.</li> </ul>

<b>Sales problems</b>		
4.	How to attract more people come, increase the profit?	<ul style="list-style-type: none"> <li>➤ Do more promotion.</li> <li>➤ Cooperate with the company in the southern/Shinchiu science park, if their employee need to come to Kaohsiung, they can come to R motel with cheaper price.</li> <li>➤ Holding special activities time to time, such as sweet day or happy hour.</li> <li>➤ Give special price to bulk purchasing.</li> <li>➤ Design set travel process, give more attraction to customers.</li> <li>➤ Cooperate with the weeding company, provide place to let them take picture.</li> </ul>
5.	How to make customers come again?	<ul style="list-style-type: none"> <li>➤ Design coupon, if customers come again or give this coupon to friends, they can have some discount.</li> <li>➤ Give some small gifts which is design by R motel, let customers want to collect, and come again.</li> <li>➤ Provide best service.</li> </ul>
<b>Other problems</b>		
6.	How to reduce customer steal events?	<ul style="list-style-type: none"> <li>➤ Before customers leave motel, the housekeeping assistant can check if expensive product missing.</li> <li>➤ Try to make the high value equipment fixed, hard to move.</li> <li>➤ Set some warning signs in the room.</li> <li>➤ If the value of the product is not high, don't bother about it.</li> </ul>
7.	Customers booking by ezTravel, but when they arrive hotel, the amount of people more than they booked on line (one extra person, need add 600 dollars), the extra fee makes the customer unhappy.	<ul style="list-style-type: none"> <li>➤ Give highlight warning before the customers confirm their order.</li> <li>➤ Be polite to tell customers they need to pay one more extra charge, but give them some discount.</li> <li>➤ If customers booking by ezTravel, phone those customers to confirm again.</li> </ul>

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