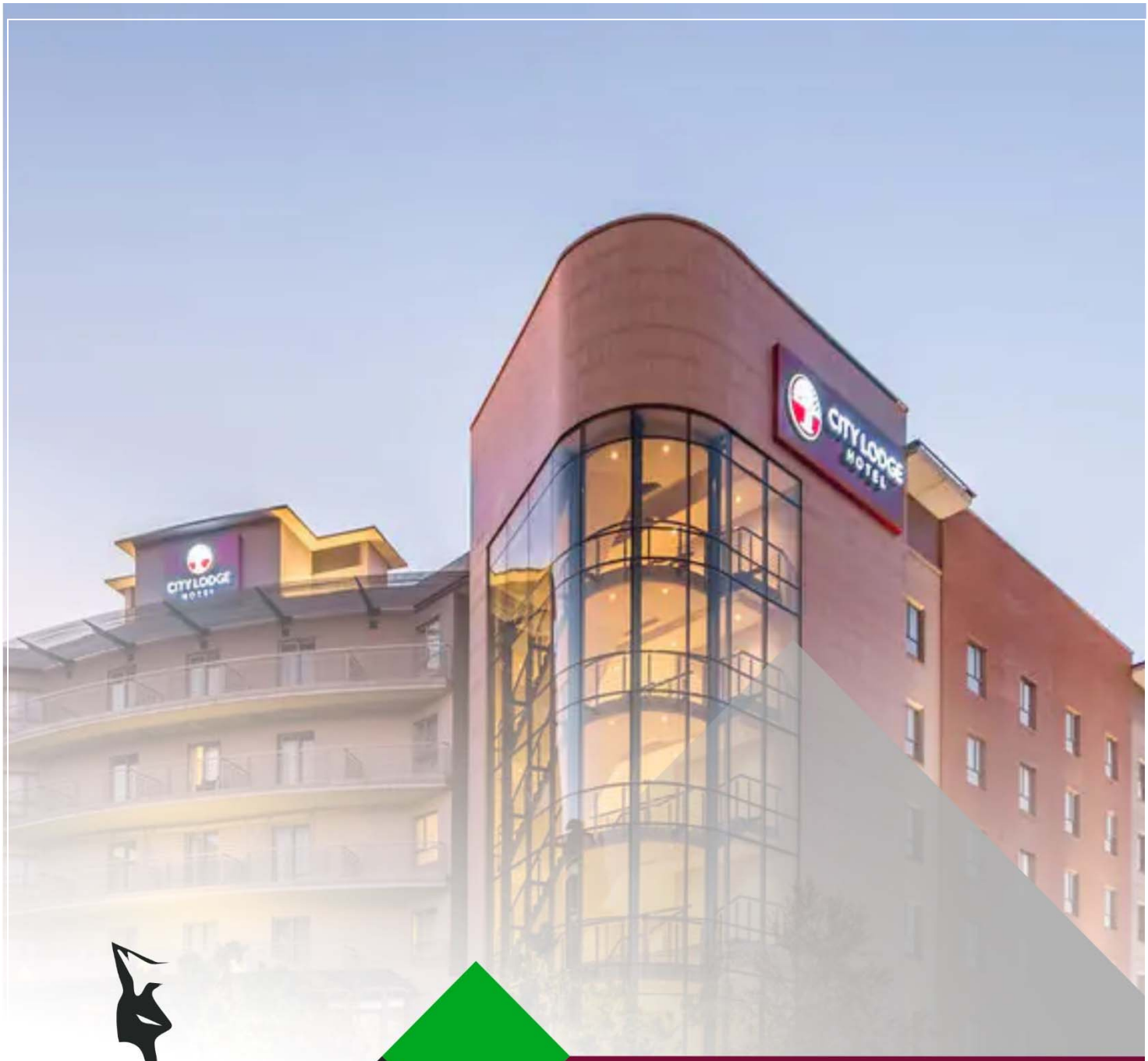

STRATEGIC MANAGEMENT REPORT

WALLSTREET WOLVES

NWU®
NORTH-WEST UNIVERSITY
NOORDWES-UNIVERSITEIT
YUNIBESITI YA BOKONE-BOPHIRIMA

CITY LODGE HOTEL GROUP

FAIRVIEW
A CITY LODGE GROUP HOTEL
COURTYARD
HOTEL
CITY LODGE
HOTEL
TOWN LODGE
BY CITY LODGE HOTELS
ROAD LODGE
BY CITY LODGE HOTELS

SOLEMN DECLARATION - GROUP ASSIGNMENT

Solemn declaration by students

Module	Company Project
Module Code	MBAC 812 PEC
Assignment No	1
Assignment Due Date	13 July 2018

We hereby declare that the assignment which we herewith submit to the North-West University as partial completion of the requirements set for the MBA degree, is our own work.

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Date	13 July 2018

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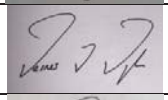
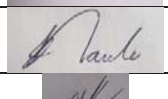
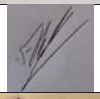
Werner Van Wyk	28335732		100%
Johan Naude	21777454		100%
Antonie Roets	23381833		100%
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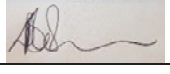
Danie Le Roux	28233700		100%

EXECUTIVE SUMMARY

This Strategic Management Report is aimed at analysing the City Lodge Hotel Group's key strategic areas: Financial, Customers' and Competitors. The objective of the report is to recommend a new sustainable strategy to obtain a competitive advantage for the group in the next five years.

The hospitality industry in South-Africa (and Africa where applicable) is influence by external factors, including political and economic instability. Occupancy percentage in the Group is one of the fundamental key performance indicators on which its success is directly dependent on. Various internal and external analysis was performed to determine direct and indirect factors that can influence the occupancy of the group.

In our analysis, positive findings were identified, such as an above average return on equity, low debt to equity ratio and the Group owns most of the properties. As a listed company on JSE, the Group has sound corporate governance and a low share price risk, making the company attractive to investors.

Some of the main recommendations made in this report includes the following: improving technology, focused marketing plan, yield management, a formal strategic management plan, project management processes. A new business model using Osterwalder Business-Model and a unique Value Proposition Canvas was also developed especially for the City Lodge Hotel Group.

CLHG's readiness to adapt to the new market was analyzed and recommendations was made that may put CLHG in a favorable position and the Group on the forefront of the market.

Evidence suggests that the hospitality industry is evolving at a rapid pace. CLHG's efficiency in adapting to the changing industry was analyzed, indicating that new possibilities are visible on the horizon.

A detailed time frame for implementation was also developed to enable seamless integration of the recommended strategies by means of a change management process.

The report was conducted and compiled by the Wallstreet Wolves, on behalf of the North-West University School of Business & Governance in partnership with the City Lodge Hotels Ltd.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2
LIST OF ABBREVIATIONS 11
LIST OF KEY DEFINITIONS 13
EXPLANATION OF MODELS 16
CHAPTER 1 COMPANY OVERVIEW 17
1.1 Introduction 17
1.2 Consultancy Scope 18
1.2.1 Key Strategic Areas 18
1.2.2 Organisational Level Focus 18
1.2.3 Project Timeline 19
1.2.4 Planning Horizon 20
1.2.5 Inclusions 20
1.2.6 Exclusions 21
1.2.7 Project Deliverables 21
1.3 History 22
1.4 Vision, Mission and Values 23
1.4.1 Vision Statement Analysis 23
1.4.2 Mission Statement Analysis 23
1.4.3 Shared and Central Values 24
1.5 Strategic Objectives 25
1.6 Footprint, Brands and Services 30
1.7 Unique value proposition 31
1.8 Industry Overview 32
1.9 Legal structure and ownership 34
1.10 Financial Performance 36
1.10.1 Functional Structure 36
1.10.2 Key Statistics and Trends 36
1.10.3 Ratios 38
1.10.4 Profitability 38
1.10.5 Return on Assets 38

1.11 Current Business Model 39
1.12 Summary 40
CHAPTER 2 STRATEGIC ANALYSIS 41
2.1 Introduction 41
2.2 Internal Organisational Analysis 41
2.2.1 Strategic Management Process Analysis 41
2.2.2 Integrated SWOT Analysis 42
2.2.2.1 Strengths 42
2.2.2.2 Weaknesses 43
2.2.2.3 Opportunities 43
2.2.2.4 Threats 45
2.2.3 Internal and External Factor Evaluation Matrix 46
2.2.4 Key Stakeholder Analysis 47
2.2.5 Internal Value Chain Analysis 49
2.2.6 Organisational Culture Analysis 52
2.2.7 Financial Performance 54
2.2.7.1 Receivables 54
2.2.7.2 African Operations 54
2.2.7.3 Key Performance Indicators 55
2.2.7.4 Financial Management 57
2.2.8 Ethical Practices Analysis 58
2.2.9 Organisational Life Cycle Analysis 60
2.2.10 Differentiation Analysis 61
2.2.11 Technology Enablement Analysis 62
2.2.12 VRIO-Framework 64
2.2.13 Project Management 65
2.3 External Organisational Analysis 67
2.3.1 PESTEL Analysis 67
2.3.2 Competitor Analysis 71
2.3.3 Porter's Five Forces 73
2.3.3.1 Bargaining Power of Buyers 73
2.3.3.2 Bargaining Power of Suppliers 74

2.3.3.3 Threat of New Entrants 75
2.3.4 Threat of Substitutes 76
2.3.4.1 Degree of Rivalry 77
2.3.4.2 Competitive Forces Overview 78
2.3.5 Customer Analysis 79
2.3.5.1 Target Customer Analysis 79
2.3.5.2 Customer Requirements Analysis 80
2.3.6 Marketing Analysis 81
2.3.6.1 Marketing Maturity Assessment 81
2.3.7 Negative Publicity Analysis 83
2.3.8 Competitive Intelligence Capability 85
2.4 Summary 85
CHAPTER 3 STRATEGIC IMPLIMENTATION 87
3.1 Introduction 87
3.2 Findings 87
3.2.1 General 87
3.2.2 Internal Organisational Analysis 88
3.2.3 External Organisational Analysis 90
3.2.4 Strategic Objectives 90
3.2.5 Scenario Planning 93
3.2.6 Strategic Implementation Plan 94
3.2.7 Key Recommendations 94
3.2.8 Change Management 97
3.2.9 Proposed Business Model 100
3.2.9.1 Key Partners 101
3.2.9.2 Key Activities 102
3.2.9.3 Key Resources 102
3.2.9.4 Value Proposition 102
3.2.9.5 Customer Relationships 103
3.2.9.6 Channels 104
3.2.9.7 Customer Segments 104
3.2.9.8 Cost Structure 104

3.2.9.9 Price Model 105
3.2.9.10 Revenue Streams 105
3.2.10 Summary 106
CHAPTER 4 CONCLUSION 107
LIST OF REFERENCES 108
ANNEXURE A: VISION AND MISSION STATEMENT ANALYSIS 112
ANNEXURE B: BRAND FOOTPRINT 114
ANNEXURE C: BOARD STRUCTURE 115
ANNEXURE D: FINANCIAL ANALYSIS 116
ANNEXURE E: CLHG ORGANOGRAM 119
ANNEXURE F: CURRENT BUSINESS MODEL 120
ANNEXURE G: CURRENT BUSINESS MODEL ASSESSMENT 121
ANNEXURE H: INTEGRATED SWOT ANALYSIS 122
ANNEXURE I: INTERNAL FACTOR EVALUATION MATRIX 123
ANNEXURE J: EXTERNAL FACTOR EVALUATION MATRIX 125
ANNEXURE K: INTERNAL VALUE CHAIN ANALYSIS 127
ANNEXURE L: ORGANISATIONAL LIFE CYCLE ANALYSIS 128
ANNEXURE M: COMPETITIVE PROFILE MATRIX 129
ANNEXURE N: DIGITAL MATURITY SCORECARD 130
ANNEXURE O: PORTER'S FIVE FORCES 131
ANNEXURE P: CUSTOMER ANALYSIS 132
ANNEXURE Q: AGILITY ANALYSES 136
ANNEXURE R: ONLINE TREND ANALYSIS 142
ANNEXURE S: WEBSITE AND SOCIAL MEDIA ANALYSIS 144
ANNEXURE T: INDUSTRY TREND ANALYSIS 148
ANNEXURE U: CUSTOMER REQUIREMENTS TREE 153
ANNEXURE V: NEGATIVE PUBLICITY ANALYSIS 154
ANNEXURE W: SCENARIO MODELLING 159
ANNEXURE X: STRATEGY IMPLIMENTATION PLAN 160
ANNEXURE Y: CHANGE MANAGEMENT PLAN 165
ANNEXURE X: NEW BUSINESS MODEL 166

LIST OF TABLES

Table 1: Hotel Industry Segmentation Based on Revenue 33

Table 2: Geographical Revenue Source: (Dooley, 2017) 36

Table 3: Brand Revenue (Dooley, 2017) 37

Table 4: Profit Margin % Source: (MarketLine, 2017) 38

Table 5: Return on Asset % Source: (MarketLine, 2017) 38

Table 6: Revenue Growth % Source: (MarketLine, 2017) 39

Table 7: Stakeholder Interest: (Author, 2018) 49

Table 8: CLHG % Occupancy Compared with Main Competitors: (Author, 2018) 55

Table 9: Interest Bearing Debt: (Author, 2018) 60

Table 10: CLHG Software Systems: (Author, 2018) 63

Table 11: VRIO Analyses of CLHG: (Author, 2018) 65

Table 12: PESTLE Analyses: (Author, 2018) 67

Table 13: CLHG Major and Minor Competitors: (Author, 2018) 72

Table 14: Change Management Plan: (Peterson, 2017) 97

Table 15: Vision Statement Analyses 112

Table 16: Mission Statement Analyses 113

Table 17: Digital Maturity Scorecard 130

Table 18: Agile Maturity Matrix 136

LIST OF FIGURES

Figure 1: Key Strategic Areas 18

Figure 2: Project Focus 19

Figure 3: Project Timeline 19

Figure 4: Planning Horizon 20

Figure 5: Company History and Timeline 22

Figure 6: Occupancy Rate per Accommodation Type 33

Figure 7: Shareholder Ownership of City Lodge Hotel Group Limited as of 30 June 2017: (Author, 2018) 35

Figure 8: Revenue % per Brand 37

Figure 9: CLHG Stakeholders: (Author, 2018) 48

Figure 10: Power Interest Grid for Stakeholder Prioritising: (Author, 2018) 48

Figure 11: CLHG Occupancy Compared with Main Competitors: (Author, 2018) 56

Figure 12: CLHG Compounded Share Price Growth Compared with Competitors: (Author, 2018) 57

Figure 13: Bargaining power of buyer graph in hotel industry of South Africa (MarketLine, 2017:16) 73

Figure 14: Drivers of supplier power in hotel industry of South Africa (MarketLine, 2017:18) 74

Figure 15: Factors influencing new entrants in hotel industry of South Africa (MarketLine, 2017:19) 75

Figure 16: Factors influencing the threat of substitutes in the hotel industry of South Africa (MarketLine, 2017:21) 76

Figure 17: Drivers of rivalry in hotel industry of South Africa (MarketLine, 2017:22) 77

Figure 18: Macro-environment driving forces in the hotel industry of South Africa (MarketLine, 2017:15) 78

Figure 19: Marketing Maturity Assessment 82

Figure 20: Cumulative Customer Review Ratings 84

Figure 21: CLHG Negative Publicity RCA 85

Figure 22: Price Model 105

Figure 23: City Lodge Hotels Footprint and Services by Author (2018) 114

Figure 24: Road Lodge: Footprint and Services by Author (2018) 114

Figure 25: Fairview Hotel: Footprint and Services by author (2018) 114

Figure 26: Town Lodge: Footprint and Services by Author (2018) 114

Figure 27: Courtyard Hotel: Footprint and Services by Author (2018) 114

Figure 28: Structure of the City Lodge Hotel Group Board: (Author, 2018) 115

Figure 29: CLHG Organogram 119

Figure 30: Current Business Model (Dooley, 2017) 120

Figure 31: Current Business Model Assessment 121

LIST OF ABBREVIATIONS

Abbreviation	Description
ADR	Average Daily Rate
ANC	Africa National Congress
BBBEE	Broad-Based Black Economic Empowerment
CAGR	Compound Annual Growth Rate
CE	Compensation Event
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLHG	City Lodge Hotel Group
EBITDA	Earnings before interest, tax, depreciation and amortisation
EC	Engineering Contractor
EFE	External Factor Evaluation
GAI	Governance Assessment Instrument
GDP	Gross Domestic Product
GHG	Green House Gas
ICT	information and computer technology
IFE	Internal Factor Evaluation
IIP	Investors in People
IoT	Internet of Things
IRMSA	Institution of Risk Management South Africa
JSE	Johannesburg Stock Exchange
MDP	Management development Program
MOI	Memorandum of incorporation

OECD	Organisation of Economic Co-operation and Development
PAL	Performance Appraisal Linked
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PM	Project Manger
PMS	Property Management System
POPI	Protection of Personal Information
QA	Quality Assurance
QS	Quantity surveyor
ROE	Return on Equity
ROI	Return on Investment
SARS	South Africa Revenue Service
SME	Subject Matter Expert
SONA	State of Nation Address
SWOT	Strength, Weakness, Opportunity and Threats
VAT	Value Added Tax
WEF	World Economic Forum

LIST OF KEY DEFINITIONS

Term	Definition
Brand Identity	Brand identity is visible in a company's presentation of itself and reflects on how it wants to be perceived by customers and other stakeholders LLC (2018:1).
Competitive Advantage	Competitive advantage is established if specific conditions allow a company to produce a product or service that competes with or exceeds the quality of competing products and services that is more desirable or produced at a lower cost (Investopedia, 2018a).
Competitive Intelligence	Competitive intelligence refers to the awareness and understanding of the organisation's external environment and changes therein whilst utilising learning abilities within the organisation to adapt and remain as competitive as possible (Inc., 2018a).
Core Competence	Core competencies are the strategic advantages and/or resources of a business, including knowledge and technical capacities that allow it to trade competitively in the marketplace (Investopedia, 2018b).
Distinctive Competence	Distinctive competencies are unique to a business or organization and can be superior to those of competitors. These competencies enable a unique value proposition in the functions of the organisation. A distinctive competency can create competitive advantage (Inc, 2018a).
Equity	Is the amount of capital that shareholders contribute to an organisation and can also be described as the difference between the company's total assets and total liabilities (Inc, 2018b).

Executive Directors	Directors that are full-time employees of an organization and fulfil specified roles that entail executive levels of decision-making (BusinessDictionary.com, 2018a).
G20	A leading forum comprising of the world's major economies, seeking the development of global policies to address the most pressing current challenges globally. The G20 consists of representatives from the European Union and 19 other countries (Unknown, 2018).
Inclusivity	Facts or policies that prohibit the exclusion of participants and/or membership on the grounds of race, religion, class, disability, sexuality and various other grounds (Inc., 2018c).
Involuntary Turnover	Termination of an employee's employment by the organisation or it's representative (Corp, 2018a).
Mission Statement	Defines the reason for existence and being of an organisation (Inc., 2018b).
Non-Executive Directors	A non-executive director is not part of the executive team. A non-executive director is not typically engaged in day-to-day management activities of the organization, but is involved in planning and policy-making exercises (Investopedia, 2018c).
Planning Horizon	The period covered by a specific plan or the firm's planning cycle. The degree of uncertainty in the external market will affect the length in timespan of the plan (BusinessDictionary.com, 2018b).
Price Discrimination	A pricing strategy that is used by organisations to charge customers different prices for identical services and products (Investopedia, 2018d).
Scenario	The description of future events that can possibly occur. Scenarios are used for strategic planning and preparation (Press, 2018).

Stakeholder	An organisation, person or group that affects, or can be affected by an organization and its actions (BusinessDictionary.com, 2018c).
Strategic Management Process	The use of set of strategies by managers, for strategic decision-making within the organisation to enable the achievement of specific goals by the organisation (Guide, 2018).
Strategic Objectives	Strategic objectives are an organisation's long-term goals and enable benchmarking for success. These goals are specific, measurable and realistic (Hearst Newspapers, 2018).
Unitary Board	A unitary board consists of executive and non-executive directors that work together to ensure the sound management of an organisation (Journalists, 2018).
Vision Statement	This states what a company would like to achieve or accomplish (Fernandez, 2018).
Voluntary Turnover	Occurs when employees leave their positions within an organisation willingly (Corp, 2018b).
Yield Management	Yield management is a strategy of variable pricing that is based on the organisation's ability to anticipate and influence the behaviour of consumers. The maximization of revenue from resources that are time limited and fixed is the main goal of this strategy (Hendrics, 2018).

EXPLANATION OF MODELS

Model Name / Abbreviation	What is it used for
VRIO	This analysis compliments the SWOT and Value Chain analysis. It is used to analyse the resources and capabilities of a company to determine the complimentary nature of its resources and areas for improvement in the applications thereof. The analysis tests resources on value, rarity, imitability and organisational advantage.
PESTEL	An external environment analysis on the basis of political, economic, social, environmental and legal factors that have or may have an impact on the organisation.
Porter's 5 Forces	The analysis of 5 competitive forces for identification of the industry structure to determine a corporate strategy that will enhance profitability and the gaining or retaining of a competitive market position for the organisation.
Stakeholder Power Grid	To analyse stakeholders according to their power and influence in the organisation for the development of a stakeholder engagement strategy that benefits the organisation.
Iceberg Model	To perform an organisational culture analysis and determine the company's culture and values.
Porter Value Chain Analysis	This model is used to determine how the organisation creates value and identifies opportunities to increase value.
Organisational Life Cycle	The Organisation Life Cycle consists out of five stages, ranging from the entrepreneurial (infancy of the organisation/signifies the beginning of the life of the organisation), growth (rapid expansion of the core business of the organisation), maturity (life cycle curve flattens, meaning the growth of the organisation stagnates), decline (downwards trajectory in competitiveness in the industry) and finally death (point where the organisation is no longer functioning in the industry, point of becoming obsolete).

CHAPTER 1 COMPANY OVERVIEW

1.1 Introduction

The City Lodge Hotel Group (Clhg.com) was founded by Swiss-born visionary Hans Enderle, with the financial backing of the Mines Pension Funds. With the opening of City Lodge Hotel Randburg (now known as City Lodge Hotel Bryanston) on the 1st August 1985, CLHG became what is South Africa's leading selected services hotel chain today. Emphasis has always been placed on quality accommodation, homely ambience and friendly service; these are still trademarks of the group today. The CLHG was incorporated in July 1986 and has subsequently grown and diversified its product offering to accommodate diverse travellers' needs.

The Town Lodge concept was introduced in the 1990's and has proven to be very popular. CLHG was successfully listed on the Johannesburg Stock Exchange on the 18th November 1992. In 1995, the group acquired a 50% interest in the upmarket Courtyard Suite Hotel chain. CLHG also opened its first Road Lodge, a concept aimed at budget conscious travellers. The outstanding 50% in the Courtyard joint venture was acquired from HPF Properties Pty Ltd in 2015. Marking the group's 10^{th} anniversary on the 1st August 1995, the CLHG 10th Anniversary Employees Share Trust was launched, which gave all employees the opportunity to become shareholders in the group.

CLHG acquired a 50% interest in two hotels in Nairobi, Kenya, in 2013, and this marked the group's entry into Africa. The group has subsequently secured full ownership of the Fairview Hotel and Town Lodge Upper Hill, Nairobi. The Town Lodge Gaborone in Botswana's capital became the first new hotel developed by CLHG outside of South Africa. It was quickly followed by the Town Lodge Windhoek, Namibia in 2017 and the City Lodge Hotel at Two Rivers Mall in Nairobi, Kenya in early 2018. With five Courtyard Hotels (381 suites), eighteen City Lodge Hotels (3172 rooms), thirteen Town Lodges (1650 rooms), twenty-two Road Lodges (2059 rooms) and the Fairview Hotel (120 rooms), CLHG has created an empire of over 7000 rooms and suites and ranks amongst the 200 largest hotel chains in the world (Dooley, 2017).

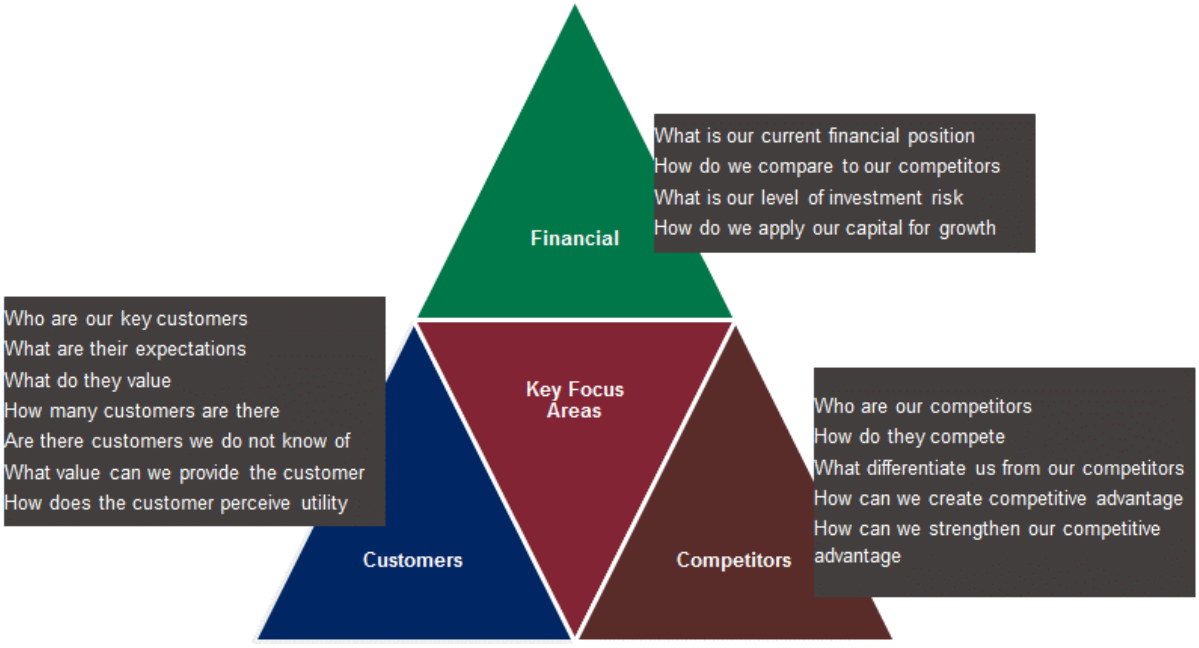
1.2 Consultancy Scope

In partnership with the North-West University, a consultancy project was launched with the purpose of analysing the strategic ecosystem of CLHG. Recommendations will be made on possible improvement areas that the business can focus on to create a sustainable competitive advantage.

1.2.1 Key Strategic Areas

To deliver a meaningful and value adding product, the key strategic focus areas was selected based on the highest impact on the overall business. For this project, focus will be placed on the analysis and interpretation of customer factors, financial performance and competitive forces.

Figure 1: Key Strategic Areas

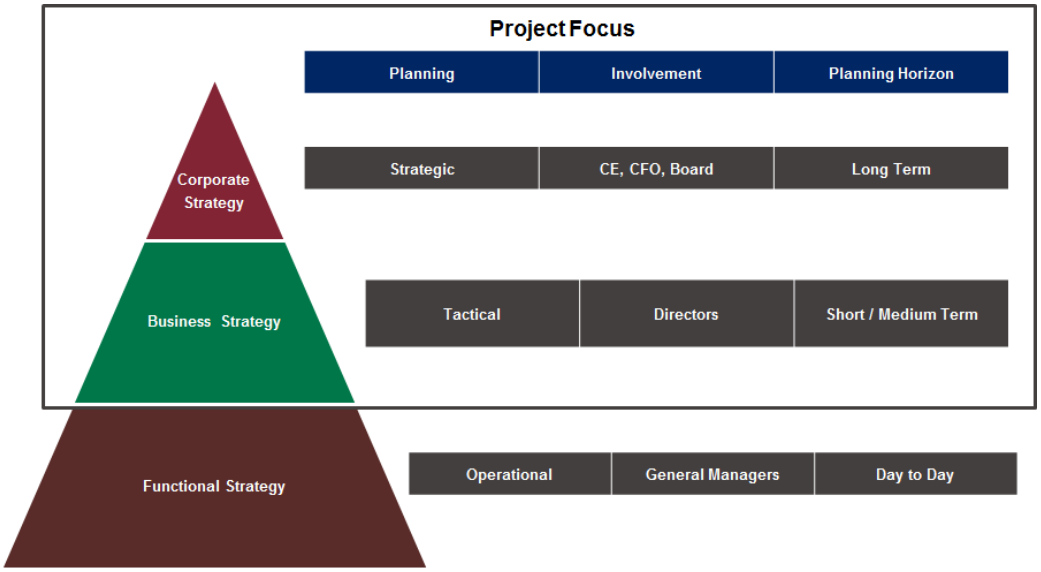


1.2.2 Organisational Level Focus

Strategic management can be executed on three levels, namely: operational, functional and corporate level. This project will however focus on functional and corporate level strategies. A business strategy will be formulated by means of analysing the various departments which include: Sales & Marketing, Information Management, Operational Management, Property and Development, Human

Resources, Legal, Finance, Entrepreneurship and their effectiveness in contributing to the overall success of the company. The Corporate strategies will be determined through targeted external analysis of the industry, its competitors and the customer segments served.

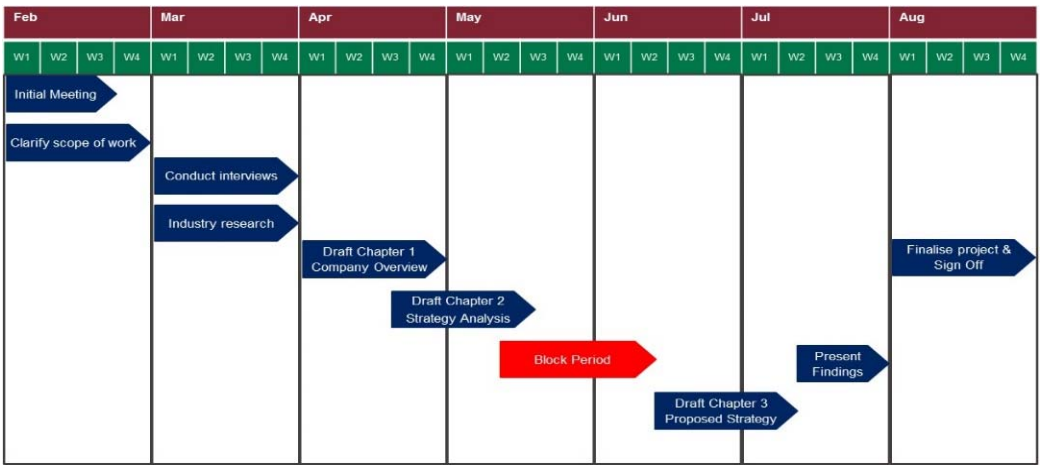
Figure 2: Project Focus



1.2.3 Project Timeline

Due to the extensive scope of work and the size of the Organisation, it was decided to approach the project utilising agile work methodologies. The time line of the study was broken down into bi-weekly segments. This has permitted the incremental completion of work packs that will translate into the project deliverables.

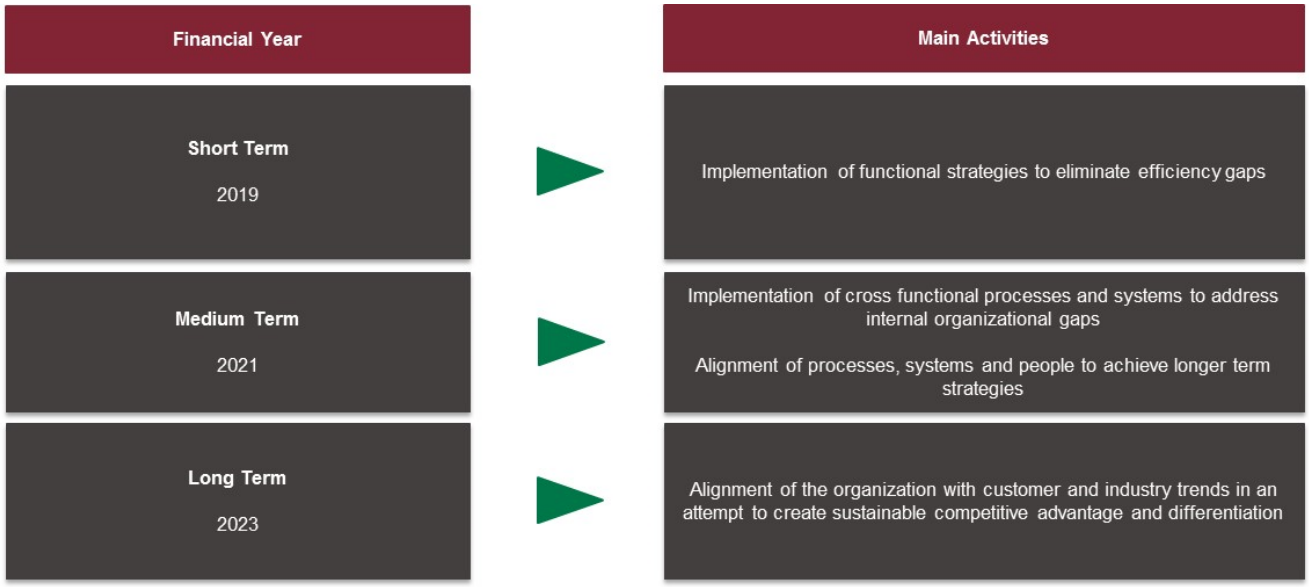
Figure 3: Project Timeline



1.2.4 Planning Horizon

The proposal made in this document will focus on short to long term implementation horizons.

Figure 4: Planning Horizon



1.2.5 Inclusions

The following elements are included in the project:

- Situational analysis of current Organisational structure and strategies.
- Evaluation of internal and external influences on the CLHG.
- Utilisation of various strategic management tools to derive business successes and gaps in comparison with market forces.
- Formulation of strategic scenarios and the impact of each on the Organisation.
- Development of strategic objectives to provide guidance on the creation of strategies.
- Compilation of a comprehensive strategic management plan.
- Development of a change management plan to facilitate the implementation of strategic management plan elements.
- Develop a strategic monitoring system to track implementation.

1.2.6 Exclusions

The following elements are excluded from the project:

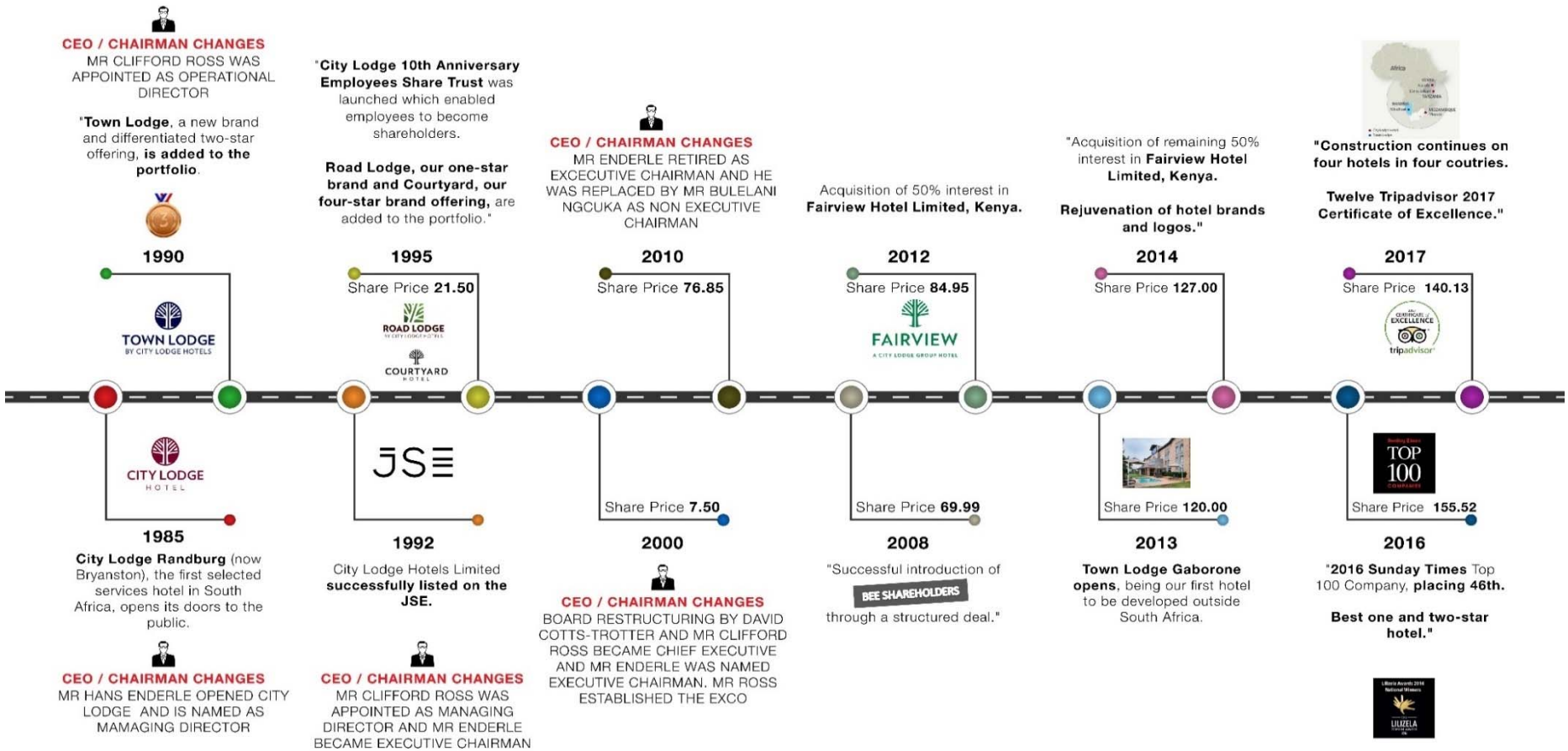
- Analysis related to the African expansion division of the CLHG.
- Identification and analysis of operational type issues experienced by the Organisation.
- Protea Hotels (Marriot Hotels group), is an international company, listed on the New York stock exchange. The group has been identified as a direct competitor to the City Lodge Hotel Group based on various comparable factors. Due to its integration into the Marriot group, it was not possible to compare the financial information of the Organisation with that of the CLHG.

1.2.7 Project Deliverables

- A comprehensive strategic management report detailing the analysis, findings and recommendations made in a holistic and value adding manner.
- Memory cards containing electronic copies of the various tools utilised during the analysis phase of the project.
- A PowerPoint presentation in executive summary format.

1.3 History

Figure 5: Company History and Timeline



1.4 Vision, Mission and Values

1.4.1 Vision Statement Analysis

The vision statement of CLHG was analysed in accordance with industry best practices and benchmarks. It has been discovered that the vision statement is 50% aligned with benchmark comparisons conducted (Annexure A). It was discovered that the vision statement is 50% aligned with benchmark comparisons conducted (Annexure A). The following major gaps have been identified:

- The statement is not future driven, in that the desired output of the statement has already been achieved (penetration of the Sub-Saharan Africa region).
- It is unclear where the Organisation is heading and where they want to position themselves in the future.
- The core business of the Organisation is not obviously identifiable in the statement.
- It is unclear how the core values of the Organisation are entrenched in the statement.
- The statement is not challenging enough to align with the potential of the organisation.
- Statements of competitors were reviewed. There is no clear element to the statement that differentiates the organisation from its competitors.
- The vision does not create a sense of excitement about future achievements and possibilities.

1.4.2 Mission Statement Analysis

A similar approach as in the case of the vision statement analysis was followed to analyse the mission statement of CLHG. The assessment revealed that the statement aligns by 44.44% to the benchmark best practice elements. Noteworthy gaps identified, include:

- The target customer segment is not identified.
- The products and services offered by the organisation to fulfil its customers' needs and expectations are not clearly identified.

- The target market in which the organisation wants to operate is not clearly stated.
- The technology capability of the organisation is not communicated in the statement.
- The core purpose of the organisation (growth) is not supported in the statement.
- The unique value proposition towards customer needs fulfilment is not stated.

1.4.3 Shared and Central Values

The CLHG values are: Quality, Service, Teamwork, and Communication, all of which are performed with integrity.

- Quality – means that we will provide the highest standard of hospitable service and that we will do things right the first time and we will constantly strive to improve our standards, systems and service.
- Service – means that we will always greet our guests first, that we will care about our guests, we will anticipate their needs and we will always go the extra mile.
- Teamwork – means that we will accomplish all our tasks by working together, by encouraging each other to improve and by recognising our team members by noticing them doing things right (we have an internal incentive programme called I'm Kind which we will talk about later).
- Communication – means that we will trust and respect each other, that we will be honest and ethical, and we will constantly share ideas.
- Integrity - means that we will act, always, in a manner consistent with our values, thereby demonstrating honesty and transparency. All employees are expected to live the standards and expectations as specified in our Code of Ethics and Code of Employment, while showing both empathy and respect for all our partners. Issues of ethics will be closely monitored, with the rules and regulations applied equally across every person in the Company no matter whom that person may be.

1.5 Strategic Objectives

The CLHG has six key strategic objectives according to (Dooley, 2017):

Consolidation		
Objective:	**Overview:**	**Key Performance Indicator (KPI):**
To consolidate our position within South Africa.	Through continued focus on quality of service and product, CLHG aims to maintain its position as a leading provider of quality selected services hotel accommodation to its guests.	Occupancy % Average daily rate (ADR) EBITDA margin Guest satisfaction survey % Brand perception score Return on equity (ROE)

The South African occupancies of the group for the period (2016/2017) reflected an occupancy of 63% compared to 66% the previous year. The declining trend of occupancies throughout the year were largely attributed to the continued deterioration in business and consumer confidence, ongoing political uncertainty and negligible economic growth.

The Average Daily Rate (ADR) is in line with that of the industry and the group has seen an inflationary improvement in current achieved room rates. This improvement is, however, not as significant as for the rest of the industry, due to the consistent rates philosophy of the group over the long term and the relative strength of the Western Cape market.

No new hotels were opened during this period; however, the group has commenced with the extension of the 303-room City Lodge Hotel OR Tambo by adding an additional sixty-two rooms to the hotel.

The Group has followed a strict refurbishment programme to maintain a high standard in the quality of its hotel product. During this period, refurbishments took place at Road Lodge Johannesburg International Airport and Road Lodge Durban.

The Rate-Us questionnaire received during this period was approximately 19 000 responses, an increase of 15% in the volume of responses, yielding an average customer satisfaction score of 86%, with no change from the previous period.

Africa Expansion		
Objective:	**Overview:**	**Key Performance Indicator (KPI):**
To expand our footprint beyond South Africa's borders	Through continued focus on quality of service and product, CLHG aims to maintain their position as a leading provider of quality selected services hotel accommodation to their guests.	Number of hotels build beyond South African borders.

Expansion into Southern and Eastern Africa over the past year has been slow. The 147-room Town Lodge Windhoek, Namibia and the 172-room City Lodge Hotel Two Rivers in Nairobi, Kenya opened but the Two Rivers is experiencing challenges with its commercial area. City Lodge Hotel Dar es Salaam, a 147-room hotel located in Tanzania, at the time of the report is still delayed. Regulatory approvals have caused delays with the opening of the 148-room City Lodge Hotel in Maputo, Mozambique.

Trading outside of South Africa in Gaborone, Botswana and Nairobi, Kenya has been under pressure, due to current economic and political conditions in the respective countries.

Transformation		
Objective:	**Overview:**	**Key Performance Indicator (KPI):**
To continue to transform the group in line with the B-BBEE Codes of Good Practice.	The CLHG remains committed to the principles contained in the Codes of Good Practice, the Group will be transforming itself, thereby ensuring its long-term sustainability and profitability.	B-BBEE rating Various HR targets

The B-BBEE landscape within South Africa has seen some substantial changes over the past year, with interest from guests and suppliers increasing as to how the Group continues to transform.

During the 2016/2017 the Group established a transformation committee comprising members of the Exco and other senior managers. The purpose of this committee is to maintain oversight of the implementation of the various initiatives, to implement related policy decisions and to provide feedback on the Group's progress to the board.

CLHG achieved an overall level 5 B-BBEE contributor score, under the amended Tourism Sector Codes during the year. The Group is actively working on addressing the areas which resulted in penalties being applied.

With regards to supplier development, the Group has identified three specific projects with existing suppliers over the past year. The company provided interest free loans of over R5,0 million to these qualifying suppliers to further develop and expand their respective businesses. The group currently has an overall black ownership of 21.46%, of which 10.85% is held by black women.

Environmental Sustainability		
Objective:	**Overview:**	**Key Performance Indicator (KPI):**
To be a leader within the hospitality sector in environmentally sustainable business practices.	The CLHG are committed to understanding and reducing the impact the business has on the environment, identifying and implementing operational changes to have a positive influence on the planet and its sustainability over the short, medium and long term.	CO_2 footprint Recognised sustainability certification Consumption per room sold

Carbon footprint measuring, and the reporting of a company's carbon footprint has become a globally accepted measure of one's overall impact on the environment. The CLHG was assessed by a third-party expert and the following results were made available.

The total greenhouse gas (GHG) emissions because of operational activities amount to 34 321 (2016: 35 936) tonnes of CO_2 equivalent (CO_2e).

Most of the electricity consumption by the Group was for water heating, air-conditioning, lighting and laundry operations, with a total energy consumption of 26,9 million kWh for the period. This contributes towards 80,0% of the Group's carbon footprint and remained a key focus area as a result.

The Group's South African operations showed that the overall energy consumption decreased by 3,3%, however, comparative consumption per room night sold only decreased by 0,2% when compared to the previous period. This is primarily due to decreased occupancies over the period.

Information Technology		
Objective:	**Overview:**	**Key Performance Indicator (KPI):**
To maintain and implement an innovative technology platform.	By remaining aware of current trends and introducing innovative IT services, CLHG strive to enhance their guests' experiences through process efficiency.	Results from reviews and testing. Guest satisfaction survey percentage.

The Group's investment in technology in prior years has provided a stable platform on which to build. Future investments made over the past year will ensure that further expansion of the Group into Africa can be accommodated.

Support of the African expansion programme has been a central focus area for the company to ensure that they are able to deliver the same consistent experience which guests have become accustomed too.

The personalised self-developed property management system has allowed the company the ability to develop and cater for each country's specific requirements.

The new Bid2Stay system has proven to be highly successful. The Bid2Stay platform, used as an additional online channel for selling excess room inventory, especially over weekends, was upgraded to provide a brand-new experience with additional benefits beyond the reduced room rate offered on the previous system.

Brand Identity		
Objective:	**Overview:**	**Key Performance Indicator (KPI):**
To continue embedding our refreshed brands and realise growing benefits	The continuous brand refreshment has resulted in a shift in the level of	Level of brand awareness Occupancy %

from a channel marketing strategy.	awareness and perception of their brands among their current and future guests.	Digital presence

Consistency has always been one of the most important hallmarks of CLHG. The Group wants its guests to be confident that they will receive the services and enjoy the features and facilities they have come to expect from the brands within the organisation.

Equally important is brand differentiation, ensuring that guests know what to expect from the brands they choose. The market disruption research that was done in the previous year, led to the development of specific campaign pay-off or tag lines for each of the major brands. This allowed CHLG to encapsulate and communicate the essential characteristics and appeal of each individual brand to the public.

Below are the creative and descriptive pay-off lines developed for above-the-line and below-the-line marketing campaign activities:

- Courtyard Hotel – Designed to Impress
- City Lodge Hotel – There's Comfort in Every Detail
- Town Lodge – A Little Extra Can Mean A Lot
- Road Lodge – Basically Brilliant

These campaign pay-off lines have been used in radio and print advertising campaigns that are strategically focused and implemented within main market segments.

1.6 Footprint, Brands and Services

CLHG primarily operates in the selected service hotel sector, which it pioneered in South Africa. CLHG is one of the most widely recognised hospitality brands in the country. Over the past thirty-three years the Group has increased its footprint substantially to fifty-seven Hotels. According to the CLHG integrated report (2017:40), the Group has expanded beyond the South African borders into Africa and has

successfully increased its footprint in Botswana, Namibia and Kenya with two new City Lodge Hotels to be opened in Mozambique and Tanzania by the end of 2018.

Geographically, it classifies its operations into two divisions: South Africa and Rest of Africa. The Group presents a full and diverse range of operations, with five distinctive brands. The reason for the different brands is to offer each type of traveller exactly the experience they want at the price they are willing to pay. The multi-brand chain offers a variety of locations, features and budget choices. A visual illustration is used to summarise its product and service offering as well as its geographical footprint per brand. The information used to draw up the figures was collected from the CLHG website. Please refer to Annexure C.

1.7 Unique value proposition

CLHG offer the following value propositions to its clients:

- Currently the Group has no official yield management programme in place. The executive management team sees this as a value proposition for corporate clients as it assists them to accurately budget for travel expenses.
- Consistency of the various brands (Brand Standards) offers the guests peace of mind and consistency of product wherever they go.
- CLHG has developed an in-house Property Management System (PMS) called Lodgix. Which was specifically developed to assist the Group gather necessary information about its guests. This information enables CLHG to personalise each guest's visit and has created a platform from which to roll out future innovation projects.
- CLHG, by means of its various brands, offers all travellers the opportunity to remain within the Group, from the value conscious traveller choosing a stay in the 1-star Road Lodge to the business executive wanting to stay in the more luxurious 4-star Courtyard Hotels.
- Scheduled refurbishments are done annually throughout the Group to keep its product current and relevant to the market.
- CLHG hotels are strategically located, bearing in mind that the business traveller prefers being central to all the major business centres.

1.8 Industry Overview

The travel and tourism industry in South Africa is multifaceted and fiercely competitive. It is important for the CLHG to clearly understand the driving forces of the industry as well as the trends that will shape future strategic priorities. According to Turner and Freiermuth (2017:1) it has contributed 2.7% (R127.9bn) to the GDP in South Africa. It is anticipated that this industry will grow by 4.5% per annum and will contribute 3.8% (R204.4bn) to the GDP in 2027. A study conducted by Airbnb (News, 2018) found that millennials and younger generations will make up 75% of all travellers by 2025.

The travel and tourism competitiveness report for 2017 (Schwab *et al.*, 2017:304-305) ranks South Africa 53rd out of 136 travel destinations. The perceived strengths of the industry are regarded as Culture Resources and Business Travel (19th); Business Environment (21st); and Natural Resources (23rd). The major weaknesses of the South African travel and tourism industry that can be translated into opportunities by the CLHG is: Health and Hygiene (113th); Environmental Sustainability (117th); and Safety and Security (120th).

Health and Hygiene relates to the quality and availability of basic sanitation and health care services. The international community perceives that access to sanitation (98th) is not up to standard and the prevalence of HIV (134th) in the South African travel industry is not satisfactory.

Environmental sustainability entails all aspects related to the conservation of fauna and flora within the country. The international community believes that the South African tourism industry is not doing enough to protect its natural resources.

Safety and Security is a major concern in the South African travel industry. Global travellers perceive the reliability of police services (113th) and murder rates (131rd) as a deterrent to travel to South Africa.

The hotel segment in South Africa is currently valued at R17.5bn and is expected to grow at an average annual rate of 9.3% to an estimated value of R24.8bn in 2021 (Fin24, 2017).

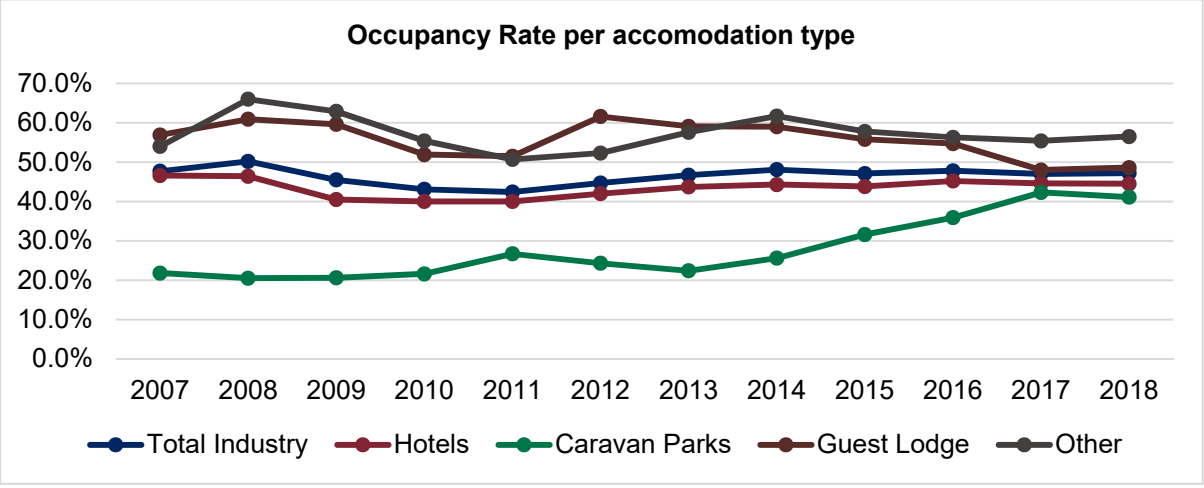
Table 1: Hotel Industry Segmentation Based on Revenue

	CITY LODGE HOTEL GROUP	PROTEA HOTELS MARRIOTT	TSOGO SUN	Sun International	airbnb
Revenue	R1.5bn	Not Available	R3.1bn	R970m	R2.4bn
Estimated Market Share	8.57%	Could not determine	17.71%	5.54%	13.71%

By comparing revenue with total market value, it has been discovered that CLHG captured 8.57% of the market share. The larger hotels within South Africa of which the CLHG is one, poses more than 45% of the market share. The remaining market share is divided between smaller regional hotels and other accommodation types.

Occupancy rates are a key performance indicator for the hotel industry as higher rates result in increased revenue margins. It has been established that the general hotel occupancy rate will increase by 1.8% by the end of 2021. This is a very small margin in a market dominated by large competitive forces. It is unlikely that this increase will ensure business sustainability in the long run.

Figure 6: Occupancy Rate per Accommodation Type



Source (Insight, 2018)

It has been discovered that the average occupancy rate for guest lodges and other accommodation types (i.e. Airbnb and guest houses) are consistently higher than that of hotels, however the total revenues generated by hotels are substantially higher than the combination of all accommodation types. An assessment has been conducted to determine the preferred provincial travel destinations within South Africa. Fifty-six percent of domestic overnight trips occur in Limpopo, Gauteng, KwaZulu-Natal and the Eastern Cape.

The core focus of the CLHG is on the business or corporate travel market segment. The business accommodation portion of the hospitality segment compromises 25.6% as opposed to leisure accommodation that dominates the hotel industry with 74.4%.

An important factor that should be considered by the CLHG is notable market trends within the industry from a local and global perspective. Many highly successful companies in history have failed due to not taking note of market trends and adapting business strategy to align the organisation with these trends. A comprehensive industry trend analysis has been conducted to identify the medium to long term trends which the CLHG should take special cognisance of (See Annexure R).

The most notable mega trend is substantial change in customer requirements and expectations from the hospitality industry. Changes in customer buying trends should be closely studied and strategies developed to align the organisation with its customer requirements.

1.9 Legal structure and ownership

CLHG's memorandum of incorporation (MOI) (Anon, 2012) states that it is incorporated as a public limited company in accordance with the company laws of South Africa and listed on the Johannesburg Stock Exchange (JSE). As an equity funded organisation, CLHG needs to comply with the South African Companies Act of 2008, JSE listing requirements, King report on corporate governance and the international integrated reporting framework.

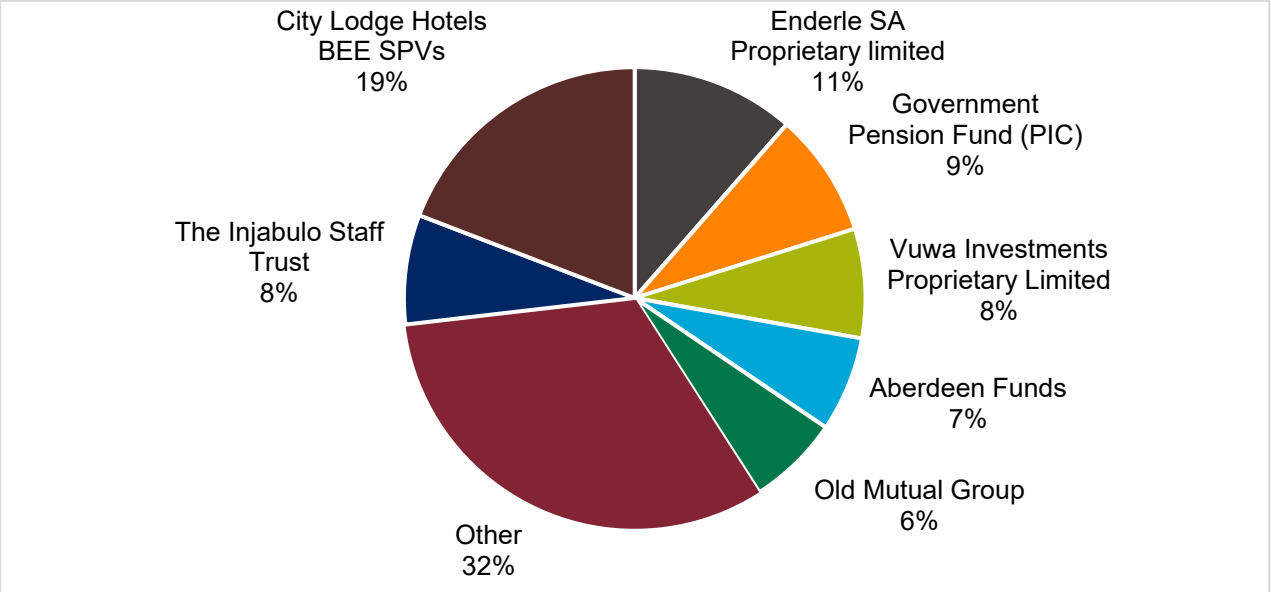
CLHG is subject to and has implemented controls to provide reasonable assurance of compliance with all relevant requirements. Based on the result of the ethical practice

analysis in section 2.2.8, the structures, systems and processes that are in place help achieve an overall governance assessment instrument (GAI) score of AAA (highest application).

As a limited company the organisation operates as a separate legal entity to its founders. It can therefore own assets and legally be sued for being in violation of commercial law. It therefore needs to comply with all applicable domestic legislation such as the Occupational Health and Safety Act of 1993, Value Added Tax Act of 1991, Labour Relations Act of 1995, Financial Markets Act of 2012, Basic Conditions of Employment Act of 1997 and Broad Based Black Economic Empowerment Act of 2003. CLHG is managed by an appointed Board of Directors and owned by shareholders as displayed in figure 10 of Annexure D.

According to the MOI (Anon, 2012) CLHG issued 50 000 000 ordinary shares, however on the annual integrated report (Anon, 2017b) it indicates that the total number of shareholder shares equals 43 572 293. Shareholder ownership in CLHG is displayed in figure 10 (Anon, 2017b). See Annexure C.

Figure 7: Shareholder Ownership of City Lodge Hotel Group Limited as of 30 June 2017: (Author, 2018)



1.10 Financial Performance

CLHG is a listed company on the JSE since 1992 and therefore needs to report in terms of all financial and regulatory requirements. CLHG is audited annually by KPMG. The financial results ending 30 June 2017, along with the audit report are published after board approval (Dooley, 2017). As a listed company the most important indicator for performance is the return on equity for its shareholders.

1.10.1 Functional Structure

The financial department consists of seventeen employees with CFO, Andrew Widegger, heading the department, see Annexure E.

1.10.2 Key Statistics and Trends

CLHG operates in South-Africa, Botswana, Namibia and Kenya. Revenue is geographically split between South Africa and rest of Africa.

Table 2: Geographical Revenue Source: (Dooley, 2017)

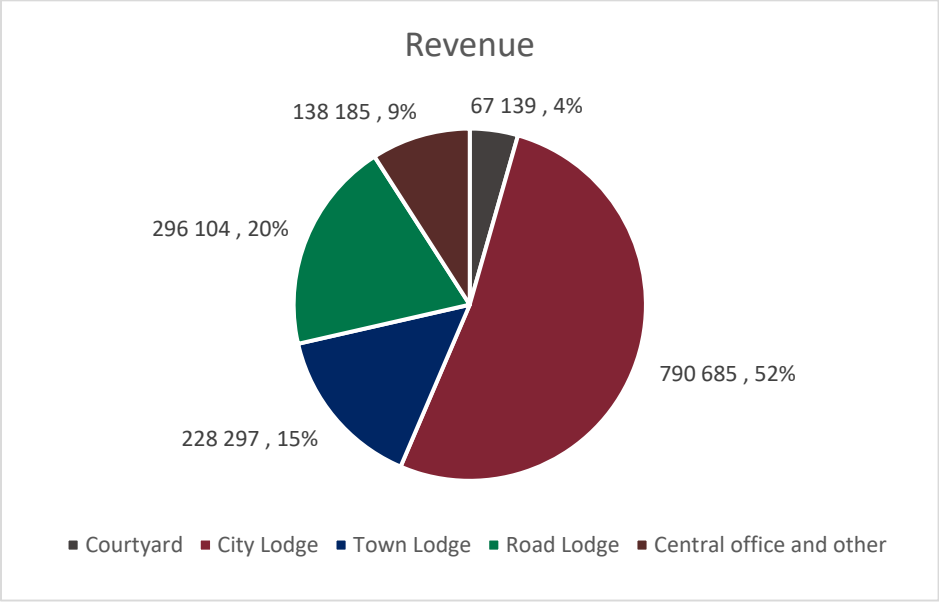
	South Africa		Rest of Africa		Total	
	2017	2016	2017	2016	2017	2016
Revenue (R000)	1 382 225	1 343 506	138 185	149 657	1 520 410	1 493 163
Non-Current assets	1 299 533	1 371 592	617 489	472 548	1 917 022	1 844 140

The group consist of various hotel brands, the biggest revenue contributor is the City Lodge brand, which is also the brand with the highest number of rooms.

Table 3: Brand Revenue (Dooley, 2017)

Brand / Division	Year	Revenue (R 000)	Number of hotels	Number of rooms
Courtyard	2017	67,139	5	381
	2016	76,703		
City Lodge	2017	790,685	17	3002
	2016	750,948		
Town Lodge	2017	228,297	12	1503
	2016	227,583		
Road Lodge	2017	296,104	22	2059
	2016	288,272		
Central office and other	2017	138,185	1	127
	2016	149,657		
Total	2017	1,520,410	57	7072
	2016	1,493,163		

Figure 8: Revenue % per Brand



We were unable to obtain any cost accounting information, due to sensitivity around competitive advantage. CLHG's main cost differentiation to their competitors is not utilising yield management to sell rooms. Yield management is when the price per room varies in accordance with demand.

1.10.3 Ratios

CLHG has managed, in the last seven years, to increase its revenue and maintain a positive profit margin. The financial ratios were calculated in Annexure J.

1.10.4 Profitability

CLHG has consistently maintained a higher profit margin compared to that of their main competitors during the period 2012-2016. Table 5 outlines the profitability margins of competitors.

Table 4: Profit Margin % Source: (MarketLine, 2017)

	2012	2013	2014	2015	2016
City Lodge Hotel Group	17.1	22.4	26.1	24.4	21.1
Sun International	6.7	6.8	4.8	8.4	-3.4
Tsogo Sun	19	16.4	17.4	14.7	14.6

CLHG profit margin was 24% in 2017. The 2017 profitability margin is impacted by the significant increase in impairment of receivables and the impairment of a deposit at Chase Bank in Kenya of R 24 million. CLHG has consistently maintained a higher profit margin compared to that of their main competitors during the period 2012-2016 (MarketLine, 2017).

1.10.5 Return on Assets

Return on assets measures how well the company uses its assets to generate revenue. Table 5 outlines the return on assets of competitors.

Table 5: Return on Asset % Source: (MarketLine, 2017)

	2012	2013	2014	2015	2016
City Lodge Hotel Group	11.8	16.4	18	17.2	15
Sun International	5.6	5.6	3.8	6.3	-2.1
Tsogo Sun	10.2	9.4	9.9	7.4	7.1

CLHG's return on assets declined the last 3 years, due to a decline in net profit. Comparing it with competitors, CLHG delivers higher returns on their assets Revenue growth

Revenue growth has decreased from a high of 23% in 2015, to a low of just 2% in 2017. CLHG primarily relies on business travel as its main source of income. As revenue is influenced by economic factors, a decline in economic growth resulted in less business travel and therefore less revenue. Table 6 compares revenue growth with competitors. (MarketLine, 2017).

Table 6: Revenue Growth % Source: (MarketLine, 2017)

	2012	2013	2014	2015	2016
City Lodge Hotel Group	10.8	11.4	8.9	22.6	14.6
Sun International	9.7	8.1	5.4	-2.5	15.5
Tsogo Sun	39.2	9.7	8.6	5.3	8.3

1.11 Current Business Model

Alex Osterwalder is a Swiss business theorist who is regarded as the world's leading authority on business model innovation and development. Utilising his business model canvas, the current operating model of the CLHG has been analysed for effectiveness (see Annexure F). The analysis revealed that the current business model of the CLHG is inconsistent with most of the building blocks of a best practice business model (see Annexure G) which might render the organisation incapable of truly understanding its external business environment and its unique needs. Some of the main gaps identified, include:

- Clarity on who the CLHG regards as key partners to deliver a unique value proposition to its customer base.
- The key activities required to derive value for customers is not clear.
- The unique value proposition that the CLHG provides to its customer base is not clear and there is no indication on how the organisation differentiates the value provided by their competitors.

- Customer relationship management is imperative to attract and retain repeat customers. It is however unclear how the CLHG manages these critical relationships.
- Customer segments and channels of product and service delivery have not been established in the current model.
- It is not clear how the cost structure and income streams of the organisation are set up in relation to its customer base.

1.12 Summary

CLHG is the primary focus of the project, building on that the emphasis of the project was placed on CLHG's Corporate Strategy and its Business Strategy. Firstly, a Vision and Mission analysis were conducted, and gaps were identified in both the Vision and Mission statements respectively. CLHG has a comprehensive list of values in place, all of which need to be performed with integrity by its employees.

CLHG has six key strategic objectives that the Group has identified to focus and continually improve on, ranging from internal objectives to multi-national hotels and management. CLHG is one of the largest hotel groups in Southern Africa and its performance in the industry can be affected by economic and political factors in South Africa and in its locations across Africa.

Occupancy rates is one of the variables the Group is vitally dependant on, improving occupancy rates is one of the major objectives of the Group. The legal structure and ownership of the Group was analysed and illustrated. Lastly, the Group's financial performance indicates steady growth, however comparing financial performance with its top competitors the Group is moving consistent with the trends of the industry.

CHAPTER 2 STRATEGIC ANALYSIS

2.1 Introduction

Conducting a strategic analysis of an organisation is an essential part in measuring the organisation's historical, current and future place within its industry. CLHG has been a strong competitor in the hospitality industry in South Africa (and Africa more recently) for the past thirty-three years. In analysing the CLHG, various internal and external analysis tools were used to examine the organisation's position within the industry. The aim of analysing the Group as thoroughly as possible is to make key findings and provide potential recommendations to better the Group's financial status, management, strategic plan, etc. in all fields investigated.

The objective of this chapter is to conduct analysis that is as detailed as possible in all applicable departments within CLHG, to gather key findings. The findings will then be analysed, and new recommendations will be presented to the board of the company (chapter 3), to be considered and implemented if accepted by the Group executives. The analysis conducted in the various departments was conducted by individuals in Wallstreet Wolves based on their expertise and experience in the field to provide more accurate findings and recommendations.

The exercise is not to find fault but to identify potential areas of improvement as well as to improve on strategies which are successful within the departments of the Group at present. Please refer to Annexures A-Z for detailed analysis, diagrams and additional information on the conducted investigation.

2.2 Internal Organisational Analysis

2.2.1 Strategic Management Process Analysis

The success of sustainable strategy management depends on well-structured strategic management processes that are integrated and shared within the value chain. There is currently no documented strategic management process or methodology available for CLHG. The current process for strategic objective setting and decision making for CLHG is as follows:

- The Executive Committee meets on an ad hoc basis to discuss strategy within the business.
- Information is collected from the various functions within the Group where appropriate strategies are formulated and discussed.
- The proposed strategies are then presented to the board for approval.

2.2.2 Integrated SWOT Analysis

An integrated SWOT analysis was conducted to identify the internal strengths and weaknesses along with external opportunities and threats. Please refer to Annexure H for the detailed SWOT analysis.

2.2.2.1 Strengths

With a wide range of brands ranging from one to four-star, CLHG can fulfil the demand of most tourist and business travellers. The product differentiation is a strength compared to its competitors. Except for Protea Hotels and Tsogo Sun, most of its competitors have a small range of brands. With thirty-five hotels in the one-star and two-star lodging market, CLHG along with Tsogo sun are the only established hotel chains that are competing in this market. The CLHG Group's service offering is tailored specifically for business people and has become an established brand name amongst business travellers. This is a unique selling proposition and an internal strength of CLHG.

With thirty-three years of experience, CLHG consistently focuses on continuous improvement in quality customer service, this yields a competitive advantage over new entrants. Consistent focus on quality and service can strategically differentiate them from their competitors (Kapferer, 2012). With hotels located in most major cities and airports, the CLHG is a good choice based on location alone. CLHG financial ratios indicate better financial performance than its competitors. This is a noticeable strength and should continue to attract investors.

With its environmentally sustainable business practices (integrated report reference) and focus on reducing its carbon footprint, the CLHG is continuously improving in this field and has been reaping benefits for its forward-thinking practices. This is important

as it indicates to investors and customers that the company is eco-conscious, and also invests in a business culture of accountability. The Group's low cost and lean staff model combined with its selected services offering is a great strength and competitive advantage over other hotels offering full service selection.

With thirty-three years' experience in the South African hospitality industry the CLHG has a strength in understanding its customers' needs, which new entrants to the market may not yet know. Owning property is an appreciating asset, with hotels strategically located in business centres and popular tourist destinations. This lowers the fixed cost of the hotels and provides the Company with a strength of location and price over its competitor.

2.2.2.2 Weaknesses

With less than 10% of its operations outside the borders of South Africa, CLHG is highly concentrated and dependant on one country's economic climate. CLHG marketing on all media platforms is low compared to its competitors. This is a weakness that negatively affects the Company's occupancy rate. CLHG technology adaptability is perceived to be slow as outlined in the technology enablement analysis in section 2.2.11.

The hotel industry is extremely competitive, resulting in strong rivalry to attract customers. Services and offerings are easy to replicate in this industry, resulting in competitor equality with other competitors in the industry. With limited international hotels compared to Accor, Hilton, Marriot and Hyatt, international awareness of the CLHG is a weakness since it is not well known to international travellers. With a small number of international hotels, its global footprint is seemingly small. Analysis and data gathering of guest's needs and wants the CLHG seem to be lacking.

2.2.2.3 Opportunities

International expansion is an opportunity that can benefit CLHG by introducing it to new or emerging markets, diversifying its assets, gaining new pools of talent, increasing foreign investment and raising brand awareness. As customer service is of

the utmost importance, CLHG needs to engage, interact and attract its customers through service.

Mobile hotel apps are redefining guest experiences, providing them with convenience at their fingertips. Protea Hotels recently partnered with PlacePass, an activity search app that links tourists with their desired tour, experience or activity at the price they are willing to pay. Hotels that differentiate their offerings such as integrating local experiences and sustainable environmentally friendly products are poised to capture a greater market share (Leena, 2014). CLHG could partner with third party vendors to offer similar services to its guests.

CLHG can expand on its marketing opportunities by targeting its regular guests through personalised services and taking advantage of promoting in peak periods,. Improving its search engine optimisation strategy could result in improved traffic to the website that could ultimately lead to more revenue.

Acquisition of smaller hotel organisations instead of building hotels without compromising brand standards in Africa could accelerate the expansion process. According to the financial ratios in section 1.10.3, CLHG is in a financially good position to grow the company based on its present situation. CLHG is constantly looking for affordable funding. With its quality and low-cost model the hotel can make use of a differentiated strategy and gain market share from its rivals (Kobilski; 2018). According to (Gray, 2017) emerging economies such as Ethiopia, Uzbekistan, Nepal, India, Tanzania, Laos, Cambodia and Philippines all have a forecast economic growth rate of 6.9% or higher. Gray further highlights that emerging economies growth potential is exceeding that of advanced economies.

With the tourism industry linked to economic growth, buyer demand especially in the above-mentioned countries will increase and create opportunities. Increasing its range of product offerings to include romance packages, adventure package, birthday packages and restaurant packages (which include booking and transfer from hotel) can yield opportunities to grow the customer turnover by identifying and expanding on the customer’s needs. Online booking websites, social media and review sites are

imperative to ensure brand image. Promotion of the group's social responsibility initiative could positively increase the group's image to the public.

2.2.2.4 Threats

The hotel industry is directly affected by economic fluctuations. The macro environment can negatively impact the profitability of hotels which poses the biggest threat to the industry locally. Emerging technologies can affect hotels that do not adapt quickly to the trends. According to (Deloitte, 2014), 75% of the workforce is expected to be Millennial by 2025, a threat of losing market share is possible if technology adoption at CLHG continues at the current rate. With reference to the PESTLE analysis in section 2.3.1, political uncertainty, credit rating downgrades and labour unrest in Africa is a great threat as it lowers investor confidence and tourism numbers while negatively impacting the stakeholder's perception of the country.

The PESTLE analysis in section 2.3.1 also highlights the threat of water supply, it is also listed on the 2018 World Economic forum global risk report as the highest societal threat based on likelihood and impact. Strong rivalry in the industry exists with the increased growth of international companies in Africa. Due to a high degree of rivalry amongst competitors, hotels are adopting price reduction strategies and higher star graded hotels are starting to compete in lower star markets.

Customer preference is also constantly changing, hotels need to continually adapt to contemporary design styles and trends and knowledge of customer habits along with balancing in the right amount of technology is essential according to (Sterkenberg, 2017). International entry barriers are a potential threat to CLHG with high capital requirements, established competitors and rigid government policies that differ from country to country.

With less than 10% of its operations outside the borders of South Africa, CLHG is highly concentrated and dependant on one country's economic climate. CLHG marketing on all media platforms is low compared to its competitors. This is a weakness that negatively affects the Company's occupancy rate. CLHG technology

adaptability is perceived to be slow as outlined in the technology enablement analysis in section 2.2.11.

The hotel industry is extremely competitive, resulting in strong rivalry to attract customers. Services and offerings are easy to replicate in this industry, resulting in competitor equality with other competitors in the industry. With limited international hotels compared to Accor, Hilton, Marriot and Hyatt, international awareness of the CLHG is a weakness since it is not be well known to international travellers. With a small number of international hotels, its global footprint is seemingly small.

2.2.3 Internal and External Factor Evaluation Matrix

The internal factor evaluation (IFE) and external factor evaluation (EFE) matrix makes use of a balanced scorecard approach to evaluate items identified in the SWOT analysis to determine if it should be strategically considered. The matrix compares each of the identified SWOT elements of CLHG with its main competitors.

A rating that ranges from 1 (major weakness/ threat) to 4 (major strength/ opportunity) and a weight in percentage is assigned to each element. The scores are then multiplied together to produce a weighted score value and then added together to give a total weighted score. CLHG was evaluated against its major rivals namely: Protea Hotels, Tsogo Sun, Sun International, Airbnb and guest houses. Please refer to Annexure I for the matrix.

The total weighted internal factor evaluation score for CLHG is 2.8, this is greater than the average 2.5. It indicates a strong internal position but there is room for improvement. Its highest strengths weighted score is achieved from the Company's strong portfolio of brands, strong position in the budget and business sector, local brand recognition, financial position and low-cost operations. CLHG should continue to capitalise on these strengths and increase its effort to work on its weaknesses. These were found to be high dependence on South African market, low marketing presence, slow technology adaptability and low international brand awareness.

Based on the results, both Tsogo Sun and Protea Hotel internal strength is lower than CLHG, this is a competitive advantage that CLHG should exploit and build on.

However, the weaknesses of these hotels are lower. Based on the results they are more diversified in their brands, service offering and geographic locations. They have better loyalty programs, adapt quicker to technology changes and have a better marketing presence.

CLHG total weighted external factor evaluation score is 2.53 which indicates that the Group is reactive to the opportunities and threats in its industry. CLHG is thus not strategically taking advantage of the existing opportunities and does not minimise the potential effects of external threats that they are facing. CLHG's greatest opportunities from the matrix were found to be further international expansion, mobile app technology, differentiating the hotel experience, marketing opportunities and winning market share from rivals. Compared to its rivals the opportunities are similar, which indicates that they have not yet capitalised on these opportunities and CLHG could have a first mover advantage.

From the results the biggest threat to the industry comes from the political, economic and environmental risks. Water shortage, economic fluctuations, VISA regulations, credit rating downgrades and barriers to enter international markets affects the entire travel industry.

2.2.4 Key Stakeholder Analysis

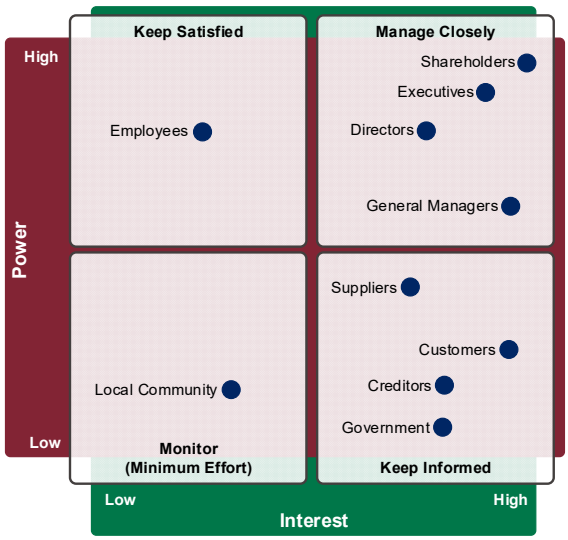
A stakeholder is any individual, group or organisation with an interest in the Company and who the Company may or may not need in the decision-making process. Stakeholder analysis is however a process of systematically collecting and analysing qualitative information to determine whose interest should be considered when developing and/or implementing a policy or a program (Schmeer, 2009).

Stakeholder Analysis is a four-step process. The first step is to identify the key stakeholders and their fundamental relationship with the organisation.

Figure 9: CLHG Stakeholders: (Author, 2018)

The second step is to assess stakeholder interests and the potential impact of the organisation on these interests. This is done by dividing them into subgroups of internal and external nature to enable the next step where an assessment of the impacts relating to both stakeholders and the organisation can be performed. The third step assesses the influence and importance of the stakeholders. Stakeholders were assessed based on the tabled criteria. Thereafter stakeholders were plotted and assessed on both a power vs. interest matrix and a power vs. influence matrix.

Figure 10: Power Interest Grid for Stakeholder Prioritising: (Author, 2018)



The fourth step is to outline a stakeholder participation strategy. Research was performed to identify best practices of communication that will enable the achievement

of the group's engagement objectives with stakeholders. Engagement methods have been compiled into the proposed communication plans tabled for internal and external stakeholder engagement.

Table 7: Stakeholder Interest: (Author, 2018)

Stakeholder	Interest
Internal	
Executives	Maximise shareholders' return and govern the company ethically.
Directors	Share options and remuneration.
General Managers	Expect the opportunity to advance individually and professionally whilst being supported by directors and employees to fulfil their roles.
Employees	Expect fair employment practices and the opportunity to advance individually and professionally.
External	
Guests	Quality customer service, value for money.
Government	Tax income, transformation, legal compliance.
Suppliers	Prompt payments, opportunity to grow with CLHG.
Society	Employment opportunities, environmental sustainability.
Creditors	Prompt payments, opportunity to grow with CLHG.
Shareholders	Dividends, expansion of CLHG and share price increase (ROI).

2.2.5 Internal Value Chain Analysis

The value chain analysis is a tool that was initially popularised by Michael Porter in 1985. The approach is used to break the sequence of functions employed by a business down into activities that are of strategic value in the pursuit of success for the individual company within its respective industry. The identification of areas of

differentiation and behaviour of costs being the main objective of the analysis (Harbott, 2010). See Annexure J.

Supporting activities:

- Firm Infrastructure: The CLHG properties, IT infrastructure and all other infrastructure is regularly upgraded to maintain the Group's standards of accommodation and the quality of its service offering to guests (Limited, 2017).
- Legal and Secretarial: The Group is compliant to various legal and regulatory industry requirements. It is committed to responsible legal and secretarial practices. The Group actively complies with the requirements of more than 102 laws that are applicable to the Group in its highly regulated industry. The Group has employed suitably qualified personnel that fulfil all tasks relating to legal and secretarial duties. These staff members actively record, process, store and manage processes and data to promote organisational compliance in accordance with company policies and regulatory requirements (Limited, 2017).
- Financial: The financial management of CLHG, throughout Africa, is performed in accordance with all applicable laws and regulatory requirements. The Group is committed to compliance and regularly performs internal audits. The Group is externally audited by KPMG. It promotes best financial practices and consistently performs control and evaluative functions including solvency and liquidity testing. The Group reports on all its financial aspects annually (Limited, 2017).
- Sales and Marketing: The CLHG marketing and sales practises integrate various methods including partnerships with third party companies like AVIS car rental service, active radio and television campaigns and commercials, listing on various online accommodation platforms and travel agents (Limited, 2017). The Group's efforts promote its services and product offerings.
- Human Resources Management: CLHG human resources strategies include the sourcing, continuous development and retention of suitable employees. The CLHG is focussed on employee wellness and the use of fair and ethical best

practices that are in accordance with regulatory requirements. The Group values employees and motivates them to enhance the guest experience by living the organisational values that include quality, service, integrity and teamwork (Limited, 2017).

- Information Technology: CLHG uses information technology to increase management, operational and reporting efficiency of all departments within its organisational structure. The Group employs, upgrades and maintains various types of hardware and software that enable streamlined processes and secure data management. The Group strives to follow technological trends, enable the gathering of guest feedback and use informational technology to promote and advance its service offering and overall guest experience (Limited, 2017).
- Property and Development: CLHG owns, leases and operates more than fifty-seven Hotels throughout Africa. These properties are strategically located to serve their guests' needs. The Group is consistently performing market research and feasibility studies to identify suitable locations for the development of new properties throughout Africa. The Group has predetermined schedules for renovations and upgrades to existing properties and consistently strives to improve its product offering (Limited, 2017).
- Procurement: CLHG promotes the fair treatment of suppliers. The Group ensures full disclosure and evaluation of director's involvement and interests in suppliers. The Group is committed to transformation, supplier upliftment and supports the procurement from and development of local suppliers as far as possible to enable stability in supply. Procurement activities are managed to ensure stability of supply and enhance the sustainability of their product offering to guests (Limited, 2017).

<u>Primary Activities:</u>

- Hotel Operations: CLHG is committed to providing high quality accommodation with a stylish, homelike atmosphere and friendly customer services. The Group promotes customer satisfaction by consistently striving to improve all aspects of its service offerings to business and leisure travellers alike (Limited, 2017).

- Food and Beverage: CLHG provides food and beverage services that are designed to fulfil the needs of guests and complement its guest experience. The group improves its service offering by updating menus (Clhg.com, 2013) and preparing meals according to the guest's preferences on request. The group offers services ranging from dining facilities to sundowner bars (Limited, 2017).
- Hotel Administration: CLHG promotes guest satisfaction by ensuring that staff members are skilled, trained and qualified to perform administrative tasks. Administrative tasks within the organisation include record keeping, scheduling of appointments, data capturing and data processing and customer bookings. Various employees have enrolled and completed administrative qualifications. Employees and guests are aided by online booking platforms and the organisation's information technology systems to ensure efficient information input and processing (Limited, 2017).
- Customer Relationship Management: CLHG promotes sound customer relationship management by providing and promoting engagement. The Group offers 24/7 assistance to guests by qualified staff members. The Group has active social media platforms, an online questionnaire and a live online help and chat function on its website that enables guest feedback. The Group constantly strives to fulfil guests' needs by acquiring and analysing feedback to improve its service offerings (Limited, 2017).

2.2.6 Organisational Culture Analysis

Organisational culture affects the organisation's performance and productivity. It provides guidelines for acceptable practises relating to all aspects of the organisation including customer care, the level of service, acceptable quality standards, safety standards, punctuality, attendance and environmental concerns.

CLHG uses the Investors in People standard to measure the Group's activities related to people management. The Investors in People report is done independently, and CLHG is measured against the Investors in People Framework (IIP), with 108 evidence requirements. CLHG met 69 out of 108 evidence outcomes. CLHG was

assessed using online questionnaires, interviews, observations and documents provided by the group, as well as additional sources like newspaper articles.

The last report was completed in 2017, with valid accreditation until 2020. This was the fifth assessment for CLHG and a Blue level was obtained (Naidoo, 2017) whereas for the previous assessment in 2014, CLHG obtained a Bronze level.

The report showed that the specific areas to be addresses within CLHG are empowering and involving people, creating sustainable success and recognising and rewarding performance.

- **Empowering and involving people.**

The findings of the survey conducted for the Investors in People report state that 62% of employees feel empowered to make decisions and act on them whilst 68% feel that they are trusted to make decisions in their roles. CLHG scored a 5.6 compared to the industry benchmark of 5.85. The report indicated that there were still many employees who felt that they were not involved when leaders established the level of decision making in line with their role.

- **Delivering continuous improvement**

CHLG scored a 5.47 against the industry benchmark of 5.69. The result from the survey showed that 42% of employees indicated that they can experiment without feeling worried about making mistakes. Seventy-eight percent of employees showed that they look for improvement ideas externally. Over the years CLHG has implemented programs such as Guest Satisfaction and Employee Satisfaction questionnaires to indicate improvement areas.

Employees are developed through various programs like the City and Guilds and the Management Development Program (MDP). The “I’m Kind” program was designed to improve performance by allowing employees to nominate colleagues for going the extra mile.

- **Recognising and rewarding high performance**

The CLHG has implemented various programs with the purpose of promoting reward and recognition activities within the organisation including the “I am Kind” initiative and the Performance Appraisal Linked (PAL) bonus. However only 57% of employees feel that they and or their team are consistently recognised when they exceed expectations, and 51% of employees indicated that they or their team receive higher levels of reward and recognition for higher levels of performance.

The IIP indicated that many managers felt unable to achieve the PAL requirements due to the high level of occupancy percentage rate they need to achieve. The “I’m Kind” project is an electronic system and it was found that employees were resistant to using it as well as being unfamiliar with the required criteria of the program.

2.2.7 Financial Performance

2.2.7.1 Receivables

CLHG receives major income from travel agents. During 2017, the impairment of receivables increased significantly to R6,7 million compared to 2016 at R3.9 million. CLHG has an impairment policy where all debtors over 90 days get fully impaired 100%. Slow economic growth, inflationary pressures and increased interest rates resulted in a negative impact on travel spend, and these economic conditions increase the risk of default in the payment of trade receivables.

Travel agents are the biggest debtors of the group and majority of the debt is from the South African operations. Refer to Annexure D for detail breakdown.

2.2.7.2 African Operations

CLHG has hotels in various African countries like Botswana, Namibia and Kenya. The operations in Kenya were affected by that country’s general elections, resulting in decreasing revenue. In addition, a deposit of KES384,8 million (R48,2 million) was made at Chase Bank. The bank was placed under receivership on 7th April 2016 and re-opened on 27th April 2016 under a receiver manager, which is evaluating buyers

for Chase Bank. These deposits have been classified as other investments in the consolidated financial statements.

The Group's ability to access the deposits is restricted and due to uncertainty about whether the deposits are fully recoverable, given the receivership process, an impairment of R24,0 million has been recognised at year-end.

The impairment had a big impact on the net profit margin of the Group for 2017.

2.2.7.3 Key Performance Indicators

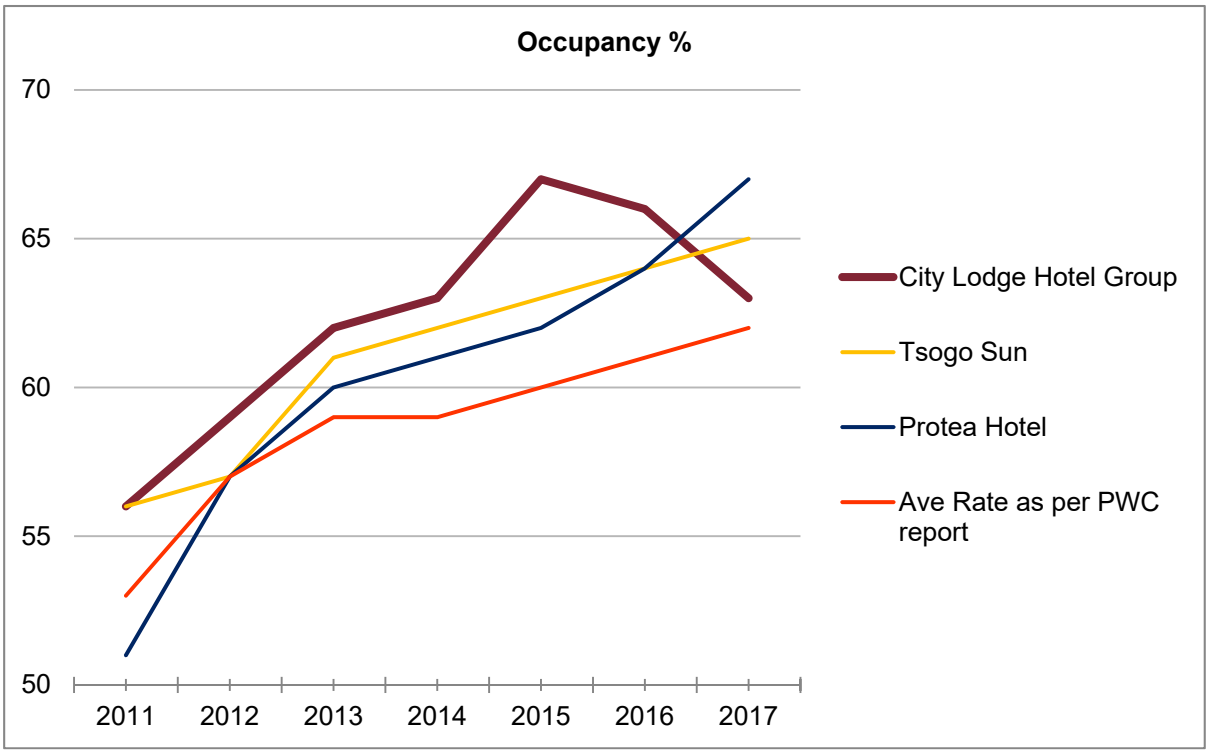
The KPI's influencing the finance department are:

- The number of rooms that were occupied influences the revenue and profitability of the company. The occupancy decreased to 63% in 2017 from 66% in 2016, due to weak performance of the local economy and budget constraints of government, of which the nett result was less travelling by Government Employees.
  In table 8 the occupancy rate was compared with competitors from 2017-2011.

Table 8: CLHG % Occupancy Compared with Main Competitors: (Author, 2018)

	2017	2016	2015	2014	2013	2012	2011
City Lodge Hotel Group Hotel Group	63	66	67	63	62	59	56
Tsogo Sun	65	64	63	62	61	57	56
Protea Hotel	67	64	62	61	60	57	51
Ave Rate as per PWC report	62	61	60	59	59	57	53

Figure 11: CLHG Occupancy Compared with Main Competitors: (Author, 2018)



The data was compiled using various annual integrated reports of the various companies and the PWC Hotel industry report.

CLHG occupancy declined from 2015 onwards, however various points should be noted. CLHG is focused on the business market whereas the other hotel groups have a tourism and leisure market that also influences their occupancy. CLHG added rooms to its portfolio, this influenced its occupancy, and similarly their main competitors added rooms to their portfolios as well.

- Average daily rate ("ADR") - the number that represents the average income per paid occupied room.
- EBITDA margin- is the earnings before tax, interest, depreciation and amortisation. Looking at the past seven years, this has always been a positive margin except for 2017 which showed a -1% margin due to the decline of revenue from African operations and economic factors in South Africa.

- Return on equity (“RoE”) -the group has a return on equity between 20% and 27%, this was at a high of 27% in 2015. The interim result at 31 December 2017 has a return of 20%.

2.2.7.4 Financial Management

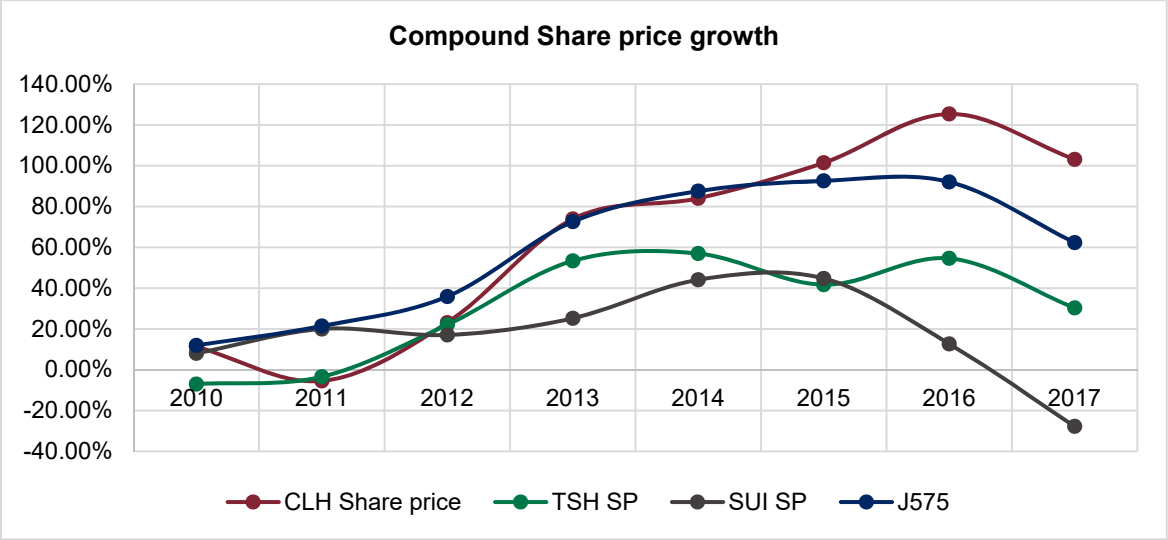
- **Sustainable Growth**

Over the years the CLHG has managed to maintain a positive growth rate and from 2006 to 2017 it showed sustainable growth of 11.46%. Refer to Annexure D for a detailed calculation. This growth can be attributed to its consistent dividend pay-out of 60% and its positive earnings.

- **Share price**

The CLHG is listed on the JSE and shares grew 103% over the last 9 years; from June 2009 to June 2017, its share price grew from R7.50 to R155.52 in 2016. We compared that to the two major competitors that are also listed on the JSE; Sun International who’s share price decreased by 28% and Tsogo Sun whose share price increased by 30% over the same time frame. The Market index (J575) grew with 62% over the same period.

Figure 12: CLHG Compounded Share Price Growth Compared with Competitors: (Author, 2018)



Beta measures the risk of the companies' shares in comparison with the market. A Beta of 1 is equal to the market. CLHG Beta is 0.3, meaning the share price risk is lower than that of the market. Comparing it with Sun International Beta of 0.9 and Tsogo Sun of 0.6, CLHG still has a lower share price risk. The consistent dividend pay-out of 60% and the sustainable growth of the company ensured confidence by investors that led to an overall increase in share price.

2.2.8 Ethical Practices Analysis

Sound corporate governance is the foundation of moral ethical practices. The purpose of this analysis is to examine specific areas of CLHG ethical practices to determine how the ethical aspirations of the company are aligned with the employee's behaviours. The Governance Assessment Instrument (GAI) web-based tool was used to evaluate the principles and recommendations contained in the King IV report, the JSE listing requirements that pertain to governance and the provisions of the Companies Act of 2008.

The areas evaluated include ethical leadership and corporate citizenship, board of directors, audit committees, governance of risk, governance of information technology, compliance with laws, codes, rules and standards, internal audit, governance stakeholder relationships and integrated reporting and disclosures.

The evaluation tool assessment has an appropriate answer set with a relative impact and weight assigned to it. Based on this in-depth evaluation of CLHG governance practices the tool evaluated them to have the highest application score = AAA. This is the highest level of application of corporate governance, integrity and ethics. CLHG unitary board fulfils, oversees and controls governance set out by the board's charter.

The board's composition is primarily independent and to ensure that no one individual has unfettered powers of decision-making and authority, the roles of the chairman and chief executive officer are separate. CLHG has sound systems in place to ensure compliance with laws. The Group has an independent and skilled audit committee that ensures governance of remunerations and oversees the integrated reporting. The Company has a good governance system to address IT, risk, remuneration, finance

and board practices. As a JSE-listed company it is anticipated that the governance is of a high standard.

Additional to the GAI tool, interviews were conducted within the company with regards to the legal, risk, governance, ethics and compliance. Items identified found that CLHG currently has no formal mechanisms in place to evaluate the company's ethical culture. However, given the relatively low number of calls and reports received via the Whistle-blower alert line as well as through other avenues, it is implied that the company demonstrates low risk in this regard. In 2016 CLHG participated in the South African Business Ethics Survey (SABES), conducted by the Ethics Institute of South Africa, to assess the effectiveness of its ethics management interventions as well as the current organisational ethical culture and climate.

It was concluded that levels of awareness of formal ethics interventions and the effectiveness thereof are high, and it therefore appears that CLHG has a values-based approach to ethics management. In other words, values have been embedded into the culture and behaviour of the staff. The survey also pointed out an area of improvement could be around the reporting of observed misconduct, which may be attributable to concerns around anonymity or feeling pressured to compromise the company's ethical standards given certain relationships.

The legal structures of the company are also sound with internal governance and legal department appointments, assisted where required by third party experts/advisers, i.e. liquor consultants, IP attorneys, litigation attorneys, and in-country advisors in respect of the Group's non-South African subsidiaries. CLHG has not yet reported against King IV but will do so during the 2017/2018 financial year as the King IV came into effect for companies reporting on financial years after 1st April 2017. CLHG has already identified improvement frameworks and is addressing the gaps.

A regulatory universe listing legislation applicable to the Group has been developed and the function monitors legislative developments on an ongoing basis Where appropriate it makes submissions to proposed new legislation, as well as proposed amendments to existing legislation.

CLHG should continue with its high standard of business integrity and ethical values, since this will translate to sustainability. The Group's ethical and governance management is in line with current best practices.

2.2.9 Organisational Life Cycle Analysis

The Organisational Life Cycle analysis is a tool that can be used to analyse where an organisation is in its life cycle. This information is important as it assists management to formulate an effective strategy management plan.

Please refer to Annexure L for the CLHG Organisational Life Cycle diagram. Analysis of the CLHG has indicated that they are in the early decline stage of the Organisational Life Cycle at present. This was determined by answering the following questions:

Are the company sales declining relative to its competitors?

The group has indicated a steady decline in sales revenue growth from 23% in 2015 to 2% in 2017, which equals to a decline of 92% for the period.

Refer to Figure 11, where CLHG occupancy is compared with the competitors. CHLG occupancy is declining and competitor's occupancy is increasing.

Is the company showing a decline in profit margins?

The profit margin for the CLHG has declined from 30% in 2015 to 24% in 2017, which equates to a decline of 20% for the period.

Is the debt load continuing to grow year on year?

Table 9: Interest Bearing Debt: (Author, 2018)

	2017	2016	2015	2014	2013	2012	2011
Interest-bearing debt to total shareholders' funds %	18,7	16,8	17,4	14,9	3,3	13,7	23,8

The debt to total shareholders' funds increased from 2016 to 2017.

The implications for the CLHG competing in the maturity stage, is that it is competing in a market that is saturated at present. Products and services within this market are standardised and it is subject to fewer design changes. During the maturity stage competitors compete more on price, than other products or offerings.

2.2.10 Differentiation Analysis

When the CLHG opened its doors in 1985 it was considered innovative with its disruptive concept of being the first selected services hotel group in South Africa. This differentiation provided the CLHG with a sustainable competitive advantage through a differentiation strategy, however competitors soon followed suit and adopted similar product offerings to compete on the same level as CLHG.

Its differentiation strategy was a key factor in the significant success the company enjoyed in its early lifetime (1980's and early 1990's). The Group focused on offering a product that many travellers in the market valued and perceived as important. As the market became stronger and more competitive, CLHG needed to change its business model again to embrace growth. The Company diversified its portfolio by diversifying its hotel product and catering to different segments within the business travel market. This offered the Group a sustainable competitive advantage, which over time became a key part of the Company's success.

Today, the hospitality industry is more competitive than ever before, competing not just in hospitality but in areas such as technology, wellness and diversity in offerings. In South Africa and in some parts of Africa, CLHG's main competition in the industry are Protea Hotels, Tsogo Sun, Sun International and more recently Airbnb. A competitor profile matrix was created to measure the level of competitiveness in the industry between CLHG and its top competitors (see Annexure M).

The matrix analyses competitiveness based on the following factors: advertising, product quality, price competitiveness, management, financial position, customer loyalty, global expansion and market share. Each factor carries a weight and each competitor is scored on its competitiveness between one and five thereafter each score is multiplied by the weight giving a score at the end out of five.

Analysis of the competitiveness in the South African hospitality industry indicated that Tsogo Sun scored the highest in the matrix, meaning that Tsogo Sun is CLHG's strongest competitor within the market, scoring higher in Advertising, Product Quality, Price Competitiveness, Financial Position and Market Share.

The product on offer has two components, the service of the product vs the price of the product. To differentiate on price in the current stagnant macro-economic conditions is not sustainable as competitor's lower prices resulting in a "price war" between competitors.

CLHG needs to move out of the maturity stage of the organisational life cycle back into a renewed growth stage, a diversification strategy on product or services is necessary for CLHG to regain a sustainable competitive advantage.

2.2.11 Technology Enablement Analysis

There is a small structure created for the management and support of technology enablement systems. The structure is responsible for both support and projects within the Group. Support is provided to the various hotel facilities in regards to printer issues, connectivity and system errors. From a project point of view, the structure conducts research on new technology and implements technology systems within the group. CLHG follows a conservative approach to the implementation of new technology. The main driver behind this decision is grounded on the view that the technology must be tried and tested before the company will consider it feasible to implement.

CLHG currently utilises a combination of five software-based systems that collectively form the ERP platform of the organisation. The organisation utilises a combination of in-house and off the shelf software solutions that are supported and monitored by an in-house team of system specialists.

Table 10: CLHG Software Systems: (Author, 2018)

System	Function	Design
Property Management System	Booking system and daily accounting practices	In-house
LockOnn	Interface the various systems with one another	In-house
Adpac	Invoice Management	Off the shelf
S-Cubed	Human Resources system	Off the shelf
Axia	Payroll System	Off the shelf

It has been confirmed that a major global trend in the hospitality industry is the use of multiple digital and technological techniques to reduce cost and improve customer experience. Digitalisation is thus a critical strategic focus area to remain competitive in an industry that will soon be defined by its ability to quickly and effectively adapt to customer technology requirements. Companies in the hospitality industry that are able to adapt their technology ecosystem in line with customer requirements and expectation in a rapid and cost-effective manner will create sustainable competitive advantage. An analysis was conducted on CLHG to identify its overall digital maturity in line with industry best practices and its ability to rapidly change its digital capability.

Through the application of the Digital Maturity Model from Forrester (Gill & Van Boskirk, 2016:4 - 15) it could be established that the current digital maturity of CLHG is twenty-four out of a possible score of eighty-one (See Annexure N). This implies that the organisation has relatively low digital maturity levels and are generally sceptical to implementing new and innovative technologies. Digitally sceptical organisations generally tend to implement a handful of technology solutions during a strategy execution period and centralise digital resources that are responsible for all levels of decision making related to technology adoption and implementation. In addition to digital maturity, it was also important to measure the agility of CLHG to rapidly and effectively implement digitalisation initiatives See Annexure Q.

The analysis revealed that CLHG is following the waterfall project management approach to the implementation of technology (See Annexure N). This type of

methodology is usually dependant on the implementation of an entire project prior to achieving the desired results. This process is also not competitive as its takes considerable periods of time to implement technology solutions. The process does not facilitate alignment with customer expectations and requirements in that market tests are only executed on completion of the project.

An analysis was conducted utilising multiple online website analytics and grading tools on the CLHG website to identify the quality, attractiveness and efficiency of the domain to attract, retain and convert visitors to long term customers (See Annexure N).

The website obtained an overall score of 8.9 out of a possible score of 10, indicating that the website is efficient. The analysis also revealed several shortcomings that CLHG should focus on to improve the efficiency of its website. The most notable improvement gaps are related to headings, internal links, website popularity, freshness, social interest and server behaviour.

Although the website efficiency is high, the visibility of the site is quite low. A google ranking test was performed on the domain which revealed that CLHG does not appear in the top-ranking lists. This implies that if the domain is not directly searched, it will not feature on the top five pages of Google if industry key words are searched.

2.2.12 VRIO-Framework

The VRIO-Framework is an analytical tool that evaluates whether a company's internal resources and capabilities provide a sustained competitive advantage (Rothaermel, 2015). The analysis is done by asking four questions for a specific resource or capability: Is it Valuable? Is it Rare? How costly is it to imitate? Is the company organised to capture the value? If all four of these requirements are met, the resource can provide a sustainable competitive advantage.

Table 11: VRIO Analyses of CLHG: (Author, 2018)

	V Valuable	R Rare	I Inimitable	O Organised	
Good domestic brand recognition	Yes	No			Competitive Equality
Quality product offering	Yes	No			Competitive Equality
Strategically located hotels	Yes	No			Competitive Equality
Environmentally friendly	Yes	No			Competitive Equality
Lean operation capability	Yes	No			Competitive Equality
Experienced organisation	Yes	No			Competitive Equality
Capitalise on mobile app technology	Yes	No			Competitive Equality
International expansion	Yes	Yes	Yes	No	Temporary Competitive Advantage
Competitive intelligence strategy	Yes	Yes	Yes	No	Temporary Competitive Advantage
Differentiation experience	Yes	Yes	Yes	No	Temporary Competitive Advantage
Project management	Yes	Yes	Yes	No	Temporary Competitive Advantage
Strong financial position	Yes	Yes	Yes	Yes	Long Term Competitive Advantage
Property ownership	Yes	Yes	Yes	Yes	Long Term Competitive Advantage
Strong portfolio of brands	Yes	Yes	Yes	Yes	Long Term Competitive Advantage
Strong position in Budget hotels	Yes	Yes	Yes	Yes	Long Term Competitive Advantage
Dominant position In business travel	Yes	Yes	Yes	Yes	Long Term Competitive Advantage

2.2.13 Project Management

The Property and Development department of CLHG comprises nine individuals, responsible for new projects, opportunities, refurbishments and maintenance of new and existing hotels. When a new project commences, a Project Manager (PM) is typically appointed to act as a point of contact between the CLHG and the Engineering Contractor (EC) responsible for construction of the new building. The department works alongside the appointed PM from the EC to oversee and manage the project.

Project Management is outsourced to dedicated companies who specialise in new projects, however internal refurbishments, renovations and construction of smaller hotels such as Road Lodges are completed by individuals internal to the department.

The process and performance of projects are continually monitored by means of reports that are revised and updated by the department during frequent site meetings and management meetings. The PM relays information gathered from the report to the board of the Company, ensuring that all the directors and board members are aware of progress on current projects.

Throughout the Group's history, most of the projects were completed on the same model as that used today, with minimal to no issues throughout the construction and commissioning of the hotels. However, with the recent expansion into Africa, unexpected and unanticipated problems have caused project delays. Problems such as inadequate subcontractors, charging of higher subcontracting fees, limited resources, procurement of specified items, transportation of the specified items through African borders as well as completion of projects in African countries are generally more expensive (between 60-100%).

During our analysis of the systems and contracts currently being utilised by the Group for its projects we have found the following items that could be improved on:

Project governance is low within CLHG, this is due to the lean structures and amount and size of the projects currently handled. Most delayed projects at the organisation can be rooted back to insufficient governance. With international benchmarked companies, a governance structure is followed that has strict "gate" criteria for projects to move to the next phase. If necessary skills are not available inhouse, it should be contracted in. A company like Jacobs Engineering Group is used and the relevant skills are at the Company's disposal to govern each project from beginning to end. CLHG currently appoints an EC to handle all project management and construction.

Even if penalties are included in the contract with the EC, it is contractually capped to 10% of project cost. In some cases, EC's incorporated the penalty costs in their proposal which result in higher cost and low drive to achieve deadlines. The longer the

project takes, the more money they may acquire with P&G's, standing time cost and compensation events (CE). There are limited project management specific resources to ensure governance of these projects in-house, this is partly due to a lean reporting structure within CLHG.

2.3 External Organisational Analysis

2.3.1 PESTEL Analysis

The ever-changing competitive complex business environment is faced with major external and uncontrollable factors that need to be taken into consideration when decisions are made and when strategies are set. The PESTEL model is selected to analyse the macro environment since it includes factors such as political, economic, social and demographic, technology, environmental and legal forces. There are many factors which affect the hotel industry.

Table 12: PESTLE Analyses: (Author, 2018)

PESTLED Analysis		Issue	Business Impact	Risk
P	Political	Political instability - with regular cabinet reshuffles and drastic changes in policies	Negative: due to change in investment confidence and uncertainty for tourist. Change in policy could financially impact the tourism industry.	High
		Tourist safety due to high crime rate, xenophobic attacks and low police confidence	Negative: gives tourist/customers a bad connotation, international tourist will be relucted to visit due to safety and security concerns. Ultimately resulting in lower occupancy and profit margins.	High
		Public turmoil due to inequality, unemployment, service delivery and salary increases.	Negative: Decrease in tourist numbers and possible damage to property.	High
		Ratings down grade	Negative: Increase cost of borrow & Low investment confidence	Mid
		VISA regulations	Negative: Decrease in international tourist	Mid
		2019 Elections	Negative: depending on the outcome investors will react either positive or	Mid

			negative. Uncertainty usually results in a negative trend.	
E	Economics	GDP growth	Negative: GDP is currently negative but is predicted to grow which has a positive impact on the tourism industry. However, SA population is growing faster than the economy, if the economy is expressed per capita it shows the economic welfare is declining and has been doing so for years.	High
		Unemployment rate declined	Negative: Increase un-employment rate remains high, which lowers customer spending	Mid
		Travel industry growth	Negative: compound annual growth rate of -1.3% predicted for 2021. Positive: In contrast to this, South Africa is aiming to double its domestic travel by 2020.	High High
		Disposable income growth	Positive: Increase in disposable income directly impact the tourism industry	Mid
S	Social	Perceived value for money	Positive: South Africa tourism industry is widely regarded as good value for money	High
		Life expectancy	Negative: Life expectancy in South Africa is low. This could negatively affect the workforce and intellectual capital of City Lodge Hotel Group	Low
		Poor public transport systems	Negative: Expensive and poor infrastructure give travellers bad experiences	Mid
		Low education levels	Negative: lowered standards in education system results in high training costs and poor discipline	High
		Lower income class is growing	Negative: Middle class is shrinking which amounts to the largest customer segment of the hotel industry.	High
T	Technology	Technology disruption	Negative: peer to peer accommodation like Airbnb is impacting the hotel industry profit margin	High

		Internet infrastructure and adaptation	Positive: Internet infrastructure is not expensive. The better connected the clients are the least likely they are to leave the hotel	Mid
		Digital interaction (Mobile Apps)	Positive: even though high initial cost is required; mobile app provide hotels with direct contact to their client and can get to know their clients better to customise their experience	High
		Automated rooms	Negative: this has huge cost involved and is currently only viable for luxury rooms. However, R&D and standardisation could reduced cost.	Mid
		Customised customer data	Positive: in the hospitality industry this is a way to increase customers experience. It can provide the hotel with a competitive advantage based on service	High
		Social presence and reputation	Positive: social media is increasing dramatically, to stay in line all social platforms need to actively used for marketing and should act on any reviews	High
L	**Legal**	Governance risk	Positive: Increased regulations relate to more investor confidence. City hotel group have proven to have great systems in place to adopt to changes	Low
		Ethic risks	Negative: with a culture of unethical behaviour South Africa companies need to have strict control over financial systems	Low
		Labour relation risk	Negative: the labour relations act protects the employee against unfair dismissal. It however also makes it difficult for employers to dismiss poor performing individuals. It can take up to a year to dismiss a non-performing worker, who could have a negative impact on the hotels reputation.	Mid

		Legislation changes	Negative: Constant changes in the legislations required adoption by the hotel. This required training and resources.	High
E	**Environment**	Water crises	Negative: with a decline I water supply and poor infrastructure for increasing population this can potentially have a huge impact in the long term of tourism.	Mid
		Global warming	Negative: carbon emission tax negatively impacts the organisation	Mid
		Corporate social responsibility	Positive: As a requirement for listed companies. Good corporate social responsibility attracts eco conscience customers.	Mid
D	**Demographics**	Religious affirmations	Negative: religious requirement lowers the economies of scale advantage of hotels and is labour intensive.	Low
		Age	Negative: different generation expect different services, this makes it difficult to accommodate all	Low
		Gender	Positive: With an increase in females in business, hotels catering for business travellers need take this into consideration	Low
		Employment status	Negative: With less than ¾ of South Africa workforce employed and declining year on year. This have a negative impact on the travel industry who employs 1 in every 23 people	Mid
		Household income	Negative: 62.3% of households fall within the poorest income bracket (below R86,000 per annum), while middle income groups, (earn R86,001 – R1.48 million per annum) – comprise a combined 26.4% of South African households. With the middle class decreasing yearly	High

2.3.2 Competitor Analysis

Competitors to the CLHG have been identified, utilising several comparison factors and criteria. The main criteria utilised to identify and categorise the competitive landscape, included:

Financial – Identification of the financial capability of the organisation in relation to revenue, profits, assets and liabilities.

Human Capital – The general size of the workforce and its resource capability.

Facilities – The number of rooms available for occupation and the various stars awarded by the Tourism Grading Council of South Africa.

Footprint – Identification of the major locations and distribution of hotels throughout Sub-Saharan Africa.

Market – The various brands available to the target market segment of each brand.

The competitor comparison revealed that there are four main categories of competitors that City Lodge Hotel Group should be cognisant of and monitor on continually. The main categories identified are as follows:

Major Competitors - These competitors are prevalent in each of the comparison criteria identified. CLHG should closely monitor the actions of these organisations and implement strategies to establish competitive advantage against these competitors.

Minor/Regional Competitors - The organisations are mostly present in some of the geographical locations in which CLHG operates. It is highly unlikely that the organisations pose a major threat to CLHG unless they implement a more aggressive expansion, acquisition or market penetration strategy. CLHG will need to identify a regional strategy to maintain regional market dominance through targeted marketing campaigns.

Notable Competitors – These organisations are not direct competitors to CLHG due to differing market segmentation focus. It should however be noted that these organisations can compete on price during times of economic pressure. By lowering

their prices, customers will be enticed to select these organisations due to their ability to provide greater value and comfort to customers. CLHG should develop reactionary strategies for these incidents as organisations in this category are unable to maintain lower price levels on a sustainable basis.

None direct competitors – These organisations are present in the general hospitality and accommodation industry however do not operate within the same locations as CLHG. These competitors will however be important to take note of as CLHG should consider them when expanding into new locations.

Table 13: CLHG Major and Minor Competitors: (Author, 2018)

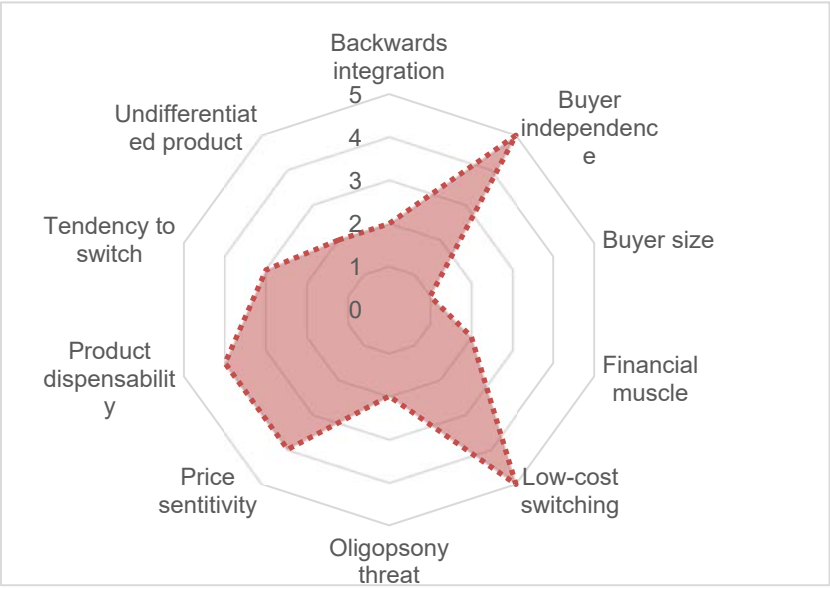
2.3.3 Porter's Five Forces

Porter's five competitive forces is a useful framework to analyse the CLHG immediate and future competitive environment from a customer's perspective. The management of CLHG has no control over the macro-environment but can influence their effect by aligning the Organisation's strategy with the opportunities and threats identified in this analysis. As the collective strength of these forces determines the hotel industry profit potential, new strategies should keep this in consideration.

2.3.3.1 Bargaining Power of Buyers

The power of buyers in the hotel industry fluctuates significantly depending on the hotel's target buyer group, however this feature becomes acute in an oversupply situation of concentrated buyers and hotel rooms. Brand recognition is extremely important since there is low cost of changing between brands. Low switching cost provides buyers with bargaining leverage. Differentiating between brands is imperative since a specific target market becomes synonymous with quality, price and services.

Figure 13: Bargaining power of buyer graph in hotel industry of South Africa (MarketLine, 2017:16)



Buyers are normally price sensitive (with the exception of premium buyers) and to contend on fees and price alone can be difficult since it is narrowly linked to the buyer's discernment of quality. Innovation, security, quality and facility offerings along with loyalty schemes could help reduce buyer power. In the event of low occupancy, the

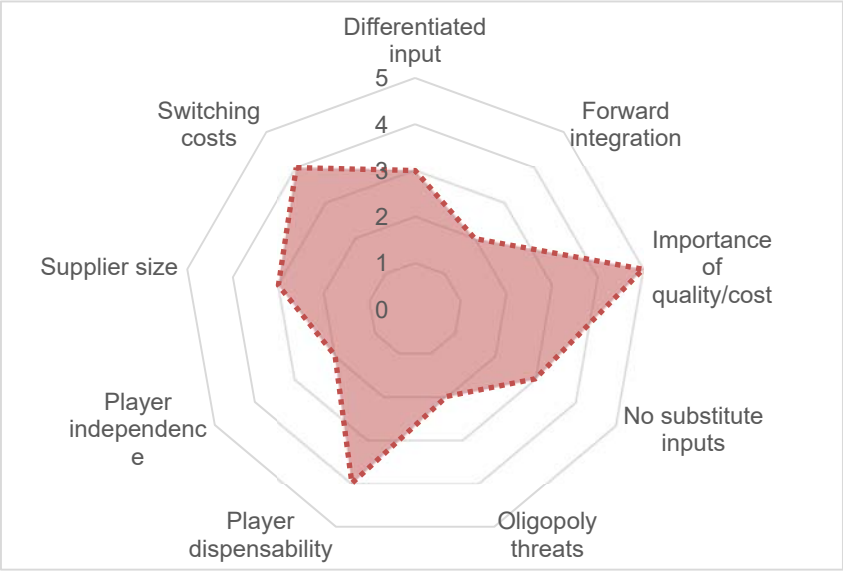
buyer power is increased. Concentrated buyers such as tour groups, travel agents and business conferences tend to increase the buyer power as they buy in bulk.

Online search agitators provide customers with bargaining power based on information on price, location, reviews and services. According to MarketLine (2017:16), 74.4% of the industry revenues are generated by the leisure segment and 25.6% comprises the business segment. Since leisure and business travel is both affected by economic conditions, it could drastically impact the revenue of the hotel industry, thereby increasing the bargaining power of buyers. The overall buyer bargaining power is perceived to be high.

2.3.3.2 Bargaining Power of Suppliers

As most of the supplies needed to run a hotel are similar to those required by a residential or industrial area, suppliers of these products are concentrated in built-up areas and the hotel industry has high switching and negotiating power, limiting the supplier power in this regard. In the event of isolated locations, hotels are more dependent on suppliers and this changes the dynamic. Large hotel groups have the advantage of economies of scale giving them additional power over suppliers. Suppliers are unlikely to forward integrate due to lack of synergies between the hotel industry and their core businesses. Supplier power is assessed to be moderate.

Figure 14: Drivers of supplier power in hotel industry of South Africa (MarketLine, 2017:18)

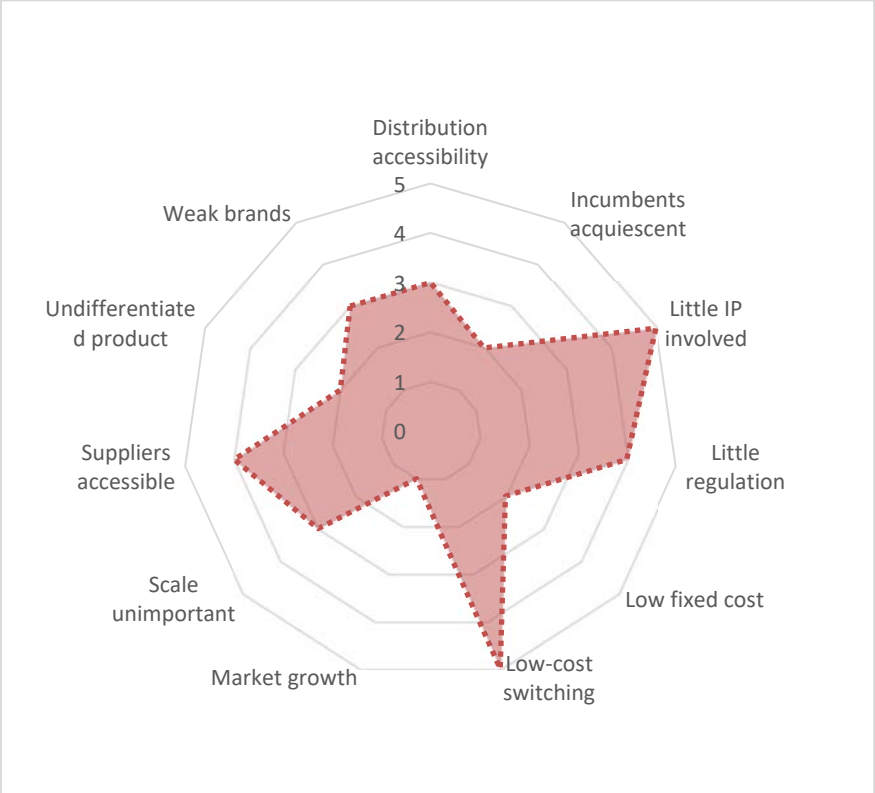


2.3.3.3 Threat of New Entrants

The hotel industry is characterised globally as capital demanding with a high percentage of fixed costs versus total costs. High property prices, especially in tourist destinations, along with the upfront investment in buildings, interior design, infrastructure, furnishings and staff are a significant cost. With large-scale hotel groups dominating target market segments, new entrants need to compete across the board or ultimately accept the cost burden as well as lower profitability.

Suppliers however are easily accessible, which allows new entrants the opportunity to enter in a low-key manner. The industry is a highly competitive business and to sustain operations, hotels need to balance profitability through room occupancy levels and the relative tariffs applied. Technology, suitable location for the target market, service quality by means of proper management, and trained and driven staff differentiate hotels from one another. Large hotel groups can negotiate alliances with travel agents and airlines. The franchise model assists in barrier to entry, providing franchisees with a fixed-cost advantage over independent competitors.

Figure 15: Factors influencing new entrants in hotel industry of South Africa (MarketLine, 2017:19)



A chain of hotels with a good differentiated footprint has lower dependence on a specific location which could be affected by the highly cyclical tourism industry. ISO accreditation together with liquor, food safety and information security national

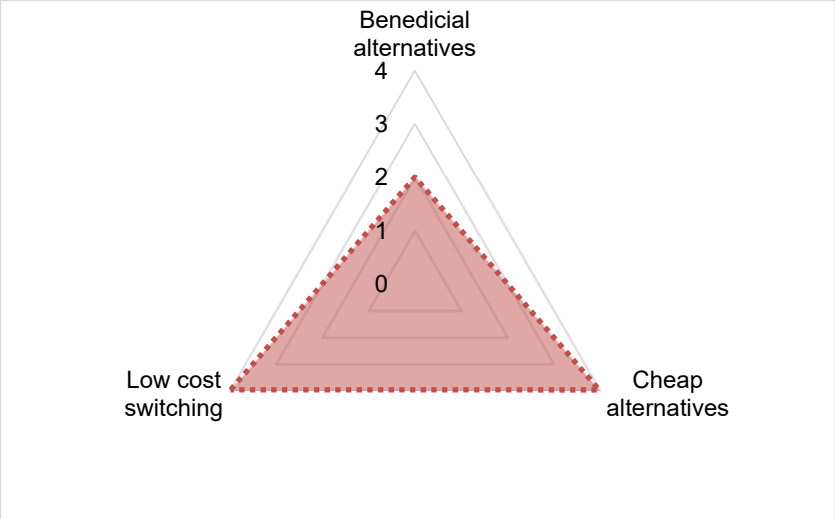
regulation are contributing threats to new entrants. According to the World Economic Forum report on travel and tourism competitiveness (2017:19), the South African industry has strong purchasing power similarity and price competitiveness related to taxes, but its lack of security concerns and international openness are considered a weakness.

The probability of new entrants is highly dependent on the availability of properties in a selected location. Advantages that established hotels have over new entrants includes favourable locations and low fixed cost. One of the most important criteria for examining the possibility of entry is supply. Customer loyalty is a costly and slow process that would take time for new entrants to establish. The growth of the South African industry, measured by units of establishments, is set to grow at a rate of 0.7% compound annual growth rate (CAGR) over the period 2016 to 2021 (MarketLine, 2017:20). Overall the likelihood of new entrants in the hotel industry is assessed as moderate due to the high capital cost, economies of scale and limited supply of suitable locations.

2.3.4 Threat of Substitutes

Substitute products include all alternatives to the accommodation in consideration, which could range from an upgrade or downgrade in star rating, bed and breakfast accommodation, camping facilities and cruises. The cost of switching is low since no-deposits and free cancellation is common for the low to mid-range hotels.

Figure 16: Factors influencing the threat of substitutes in the hotel industry of South Africa (MarketLine, 2017:21)

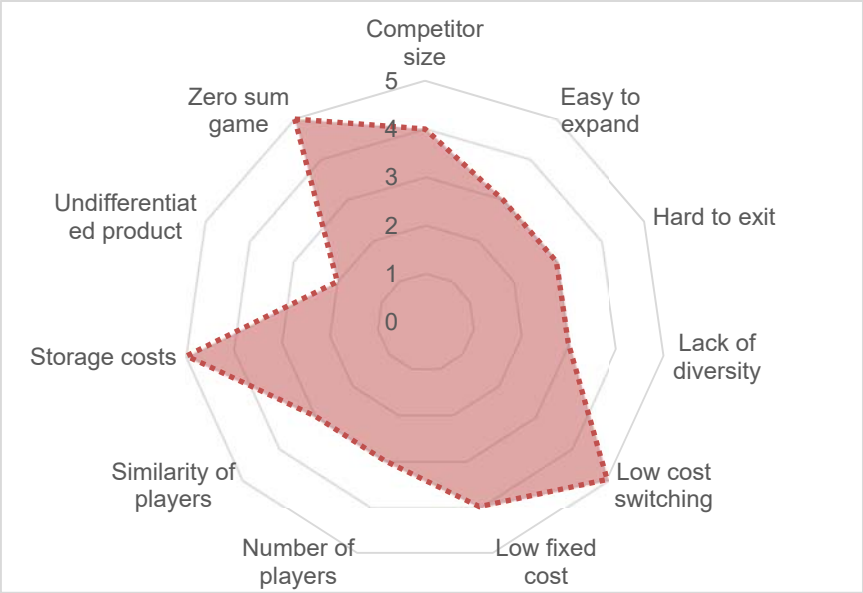


With 13 688 listings in Cape Town and 3900 listings in Johannesburg as of August 2017, the supply of Airbnb properties has become a substitute product threat. As of mid-2017, Airbnb listed more available accommodation worldwide than that of the five largest hotel groups combined. This online service is growing with other companies such as Flipkey and Couch surfing providing similar substitute products. This will increase competitiveness which will limit room-rate growth (PwC, 2017:11). The hotel industry is highly competitive, with high rivalry on cost and services. The threat of substitution is thus considered to be moderate since business and leisure travellers still prefer the service offering and comfort of hotels above the substitute offerings. However, for the cash strict traveller, this option is viable.

2.3.4.1 Degree of Rivalry

Large hotel groups such as Tsogo Sun, Marriott Hotels, InterContinental Hotel Group, Sun International and CLHG operate in a wide range of brand chains along with competitors from independent hotels. The concentration of competition in an area intensifies the rivalry and hotels tend to compete on either cost or quality of service offering to increase occupancy rate. Price and brand discrimination, especially by large hotel groups, proved to be a competitive strategy since they can operate in various industry segments.

Figure 17: Drivers of rivalry in hotel industry of South Africa (MarketLine, 2017:22)



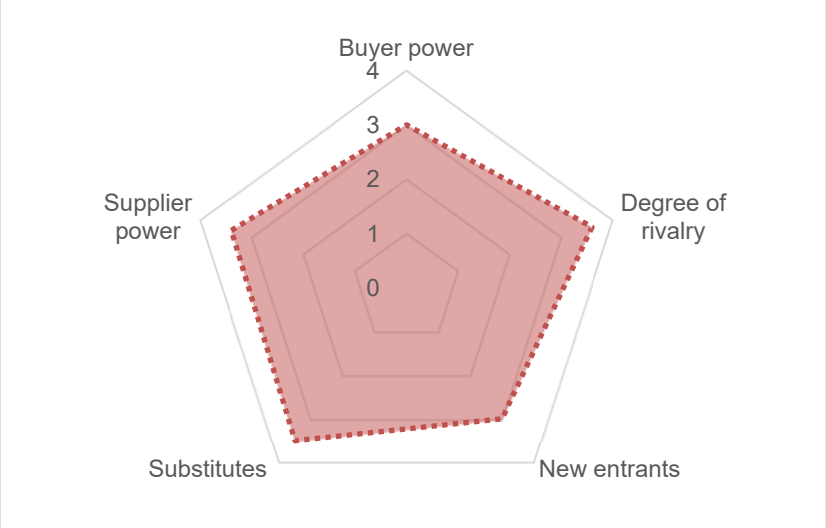
According to MarketLine industry profile (2017:22), financial results of the largest international hotel groups indicated that wide price-brand discrimination proved to provide higher profit mark-up. In the South African market CLHG has a strong

presence in a wide range of trademarks such as their entry-level Road Lodge and Town Lodge brands, mid-range City Lodge Hotel and Courtyard brands as well as the high-end Fairview Hotels. Analytically, hotels located closer to business areas such as Sandton or an attractive leisure tourism destination like Cape Town, benefit from greater elastic demand and can justify premium rates, however competition is fierce in these areas which leads to price wars among competitors. Hotels based further away from these attractions tend to compete heavily on price but have lower fixed costs. Average daily rate and revenue per available room are some of the key performance indicators used to benchmark the competition's capacity. Large hotel groups have further diversified into other industries such as casinos, restaurants and shops that typically attract more business. Value-added services such as complementary breakfasts, free third night and parking are used to sustain and attract more customers. Millennial-focussed hotels such as IHG's Indigo hotel brand caters for the conscientious traveller who demands socially responsible and eco-friendly practices. The international hotel rivals are geographically diversified which insulates them from fluctuations in market conditions. CLHG is well diversified in South Africa, but with most of its operations locally, it is vulnerable to political and economic conditions. With an overlap in target customers overall rivalry is considered strong.

2.3.4.2 Competitive Forces Overview

International hotel groups compete with large domestic players for market share in the South African hotel industry. The larger hotel groups increased operations where the smaller hotel groups have downsized. Based on the results of the above analysis,

Figure 18: Macro-environment driving forces in the hotel industry of South Africa (MarketLine, 2017:15)



switching cost is relatively low within this industry, this places a lot of emphasis on brand recognition to attract first time buyers. Competing on price is not a key to success since innovation, location, quality of service and brand differentiation play a large role.

Concentrated buyers such as travel agents have augmented bargaining power in this industry. Suppliers used by the hotels for goods and services are commonly available and present a low threat to the industry.

To compete as a new entrant on a large scale, significant capital is required along with different experience, network, brand recognition, skilled workers and availability of property in targeted locations. This all contributes to the difficulty of new entrants alongside the expected reaction of incumbent hotels in the area.

A potential threat to hotel industry revenue is the private rental industry, such as Airbnb, that is widely available online. This substitute product targets leisure travellers, who comprise 74.4% of the hotel industry. See Annexure O.

2.3.5 Customer Analysis

2.3.5.1 Target Customer Analysis

Research was conducted, with specific focus on the demographics, purchasing habits and distribution of travellers, within the borders of South Africa (Annexure P). The main objective of the study was to identify a target market that the CLHG could focus on to deliver sustainable growth results and maximum revenue streams. Based on travel statistics obtained for the 2017 calendar year, the following was identified:

- 52% of overall trips in South Africa were made by domestic travellers.
- 24.7% of trips were for business travel.
- The longest stay traveller was from various African countries and the average length of stay was identified as 12.6 days.
- Millennials have been identified as the dominant travel group and compromise 30.9% of total travellers. Millennials are closely followed by Xennials with 22.2%.

- The highest repeat rates of more than 10 trips to South Africa was from most of the African countries.
- Gauteng, Free State, Western Cape and Mpumalanga recorded the greatest number of bed nights between the various provinces.
- Other than family stay-overs, foreign travellers prefer to stay in hotels.
- The overall accommodation preference by all travel groups is with friends and family. This is followed by a preference for hotel accommodation, however self-catering accommodation such as Airbnb is growing in popularity.
- The highest number of traveller arrivals is recorded in Gauteng, Limpopo, Mpumalanga and the Western Cape.
- It has been discovered that tourists from Asia, Europe and the Americas visit more than one province during their travels.
- The highest quarterly tourist spend has been recorded in Gauteng and the Western Cape.
- The highest spend by travellers is on shopping and food.
- Business spending contributes 34% to the total travel spend.
- 54% of the total spend is by foreign visitors.
- The highest concentration of business travel is found in Gauteng and the Western Cape.

2.3.5.2 Customer Requirements Analysis

Customer attraction and retention should be the core strategic focus of the CLHG. The exact target customer population requirement is important to understand and unpack. This will enable the CLHG to effectively and efficiently implement strategies which will align the Organisation to supply the required products and services required by each customer segment.

The analysis conducted on customer requirements (Annexure U), aligned with the various generational groups has revealed the following key priorities:

- Generation Z and Millennials are the most lucrative groups to focus on based on market growth strategies and spending patterns.

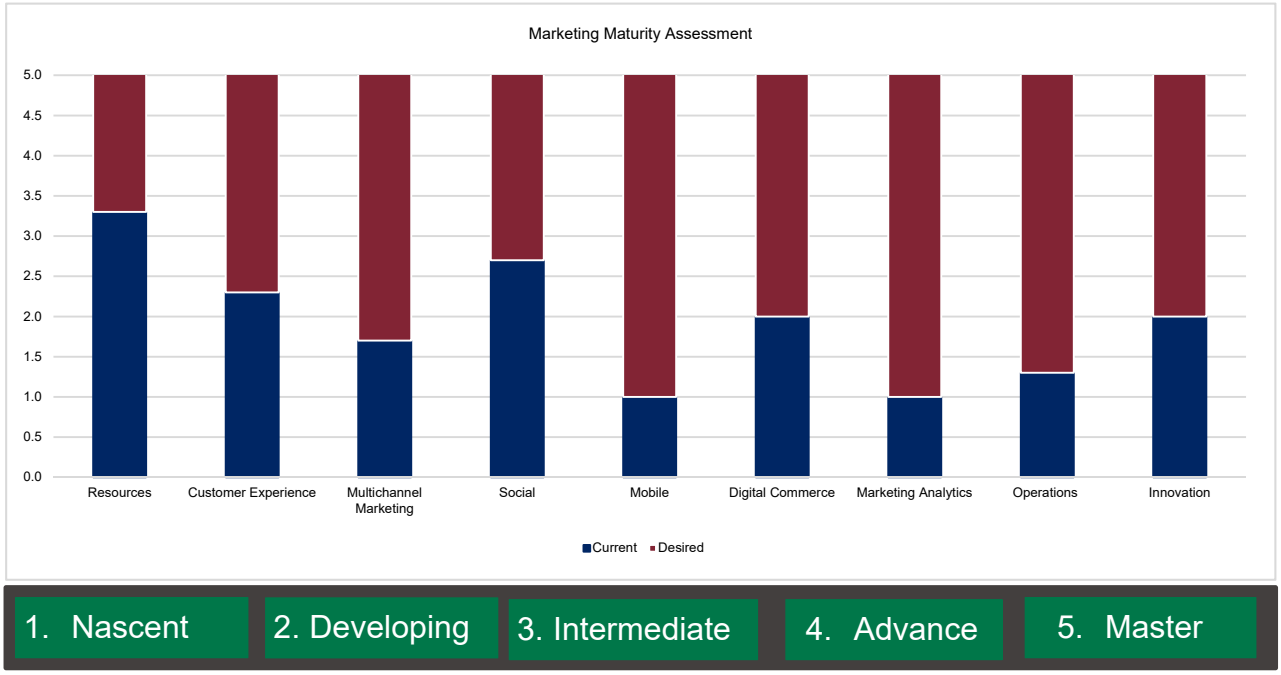
- Xennials and Generation X business travellers are on the decline and will become harder to serve from a cost perspective due to differing requirements. There is however incentive to continue serving these segments in the medium term based on similarity of travel requirements identified for the proposed target customer segment.
- Baby boomers will soon become the minority in the business travel market. It is not advisable to continue pursuing this market as the requirements are vastly different in nature.
- CLHG can create competitive advantage and competitor differentiation through technology implementation and strategic partnerships.

2.3.6 Marketing Analysis

2.3.6.1 Marketing Maturity Assessment

An assessment was conducted on the CLHG, utilising the Gartner marketing maturity assessment tool (Gartner, 2018) to identify whether the current marketing initiative, campaigns and strategies are robust enough to align the organisation with the proposed customer target market. Various interviews, statistics and online tests was performed to evaluate the current marketing landscape proportional to the desired end state that will support the strategic imperatives proposed. The assessment conducted has revealed that that current marketing initiatives employed by the CLHG is directed towards the older target customer population (Generation X and Baby Boomers). The customer analysis however established that there are substantial growth patterns in the younger business traveller (Generation Z and Millennial) categories that require a different marketing promotion strategy to attract the customer segment. The assessment has revealed that the CLHG is on the nascent marketing maturity level aligned to the requirements of the target market segment.

Figure 19: Marketing Maturity Assessment



Solutions to the marketing management gaps identified are crucial to align the Organisation with the requirements of the proposed target market. The major gaps in the marketing strategy that were identified are as follows:

- No evidence could be found that there is a multi-year investment plan to improve digital marketing initiatives. There are no systems in place for integrated marketing communication planning, design and execution.
- Customer inputs are currently obtained from review sites and after-stay surveys. There is however no collaborative process in place to involve customers in the enhancement of the brand and service offerings. There are also no real-time analytics systems available that enable the marketing and sales team to align marketing initiatives towards changing customer demands and market patterns.
- The data obtained from the sales points are not rich enough to enable various channels of marketing (driving revenue and brand extension). There are also no artificial intelligence systems employed to learn and predict customer behaviour.

- Social media penetration is well established on most of the major platforms however communication on these media channels is not sufficiently integrated with other marketing initiatives. Social media is currently used as a platform to advertise on as opposed to creating an interactive and engaging experience for customers (one-way communication).
- The Organisation's website is appropriately designed to be viewed on mobile devices. There is however a lack of mobile technology adoption to promote the brand equity. Although customer requirements point to mobile technology usage, no mobile application has been designed and launched into the market.
- Target market research points heavily towards the use of online platforms to book accommodation. In comparison to the websites of competitors, the booking section on the landing page lacks creativity to retain customers on the site. Integration with the larger accommodation booking sites is also limited.
- The absence of real time analytics prevents the organisation from adjusting its business model to the changing requirements of travellers in an agile and responsive manner.
- The marketing campaign launched by CLHG in 2014 ("Your home away from home") has won multiple awards and accolades for innovation. The Organisation has however not built on this achievement and the campaign has diminished in value for the Organisation. The target market population demands a brand they can associate with and relate to. The current innovation in marketing campaign design is not innovate enough to capture the attention of this critical target market.

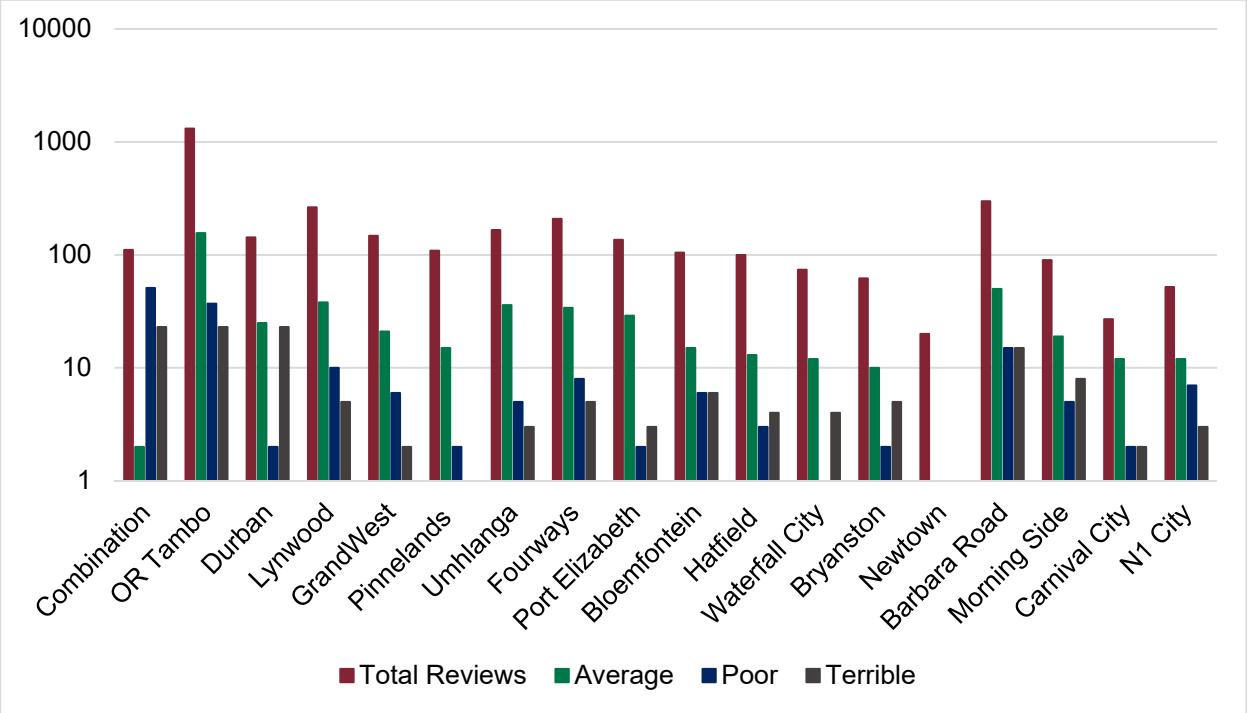
2.3.7 Negative Publicity Analysis

Customer negative perceptions and experiences can have severe negative impact on an organisation if not dealt with quickly and effectively. As far as is reasonably possible, customer complaints should be internalised to prevent negative publicity in public domains. With the availability of electronic sources and social media, single customer complaints distributed to the right group can cause substantial brand damage and financial loss. An analysis was conducted on two of the major customer

complaint and organisational review websites. Hellopeter.com and TripAdvisor were consulted to identify negative perceptions by previous customers toward CLHG.

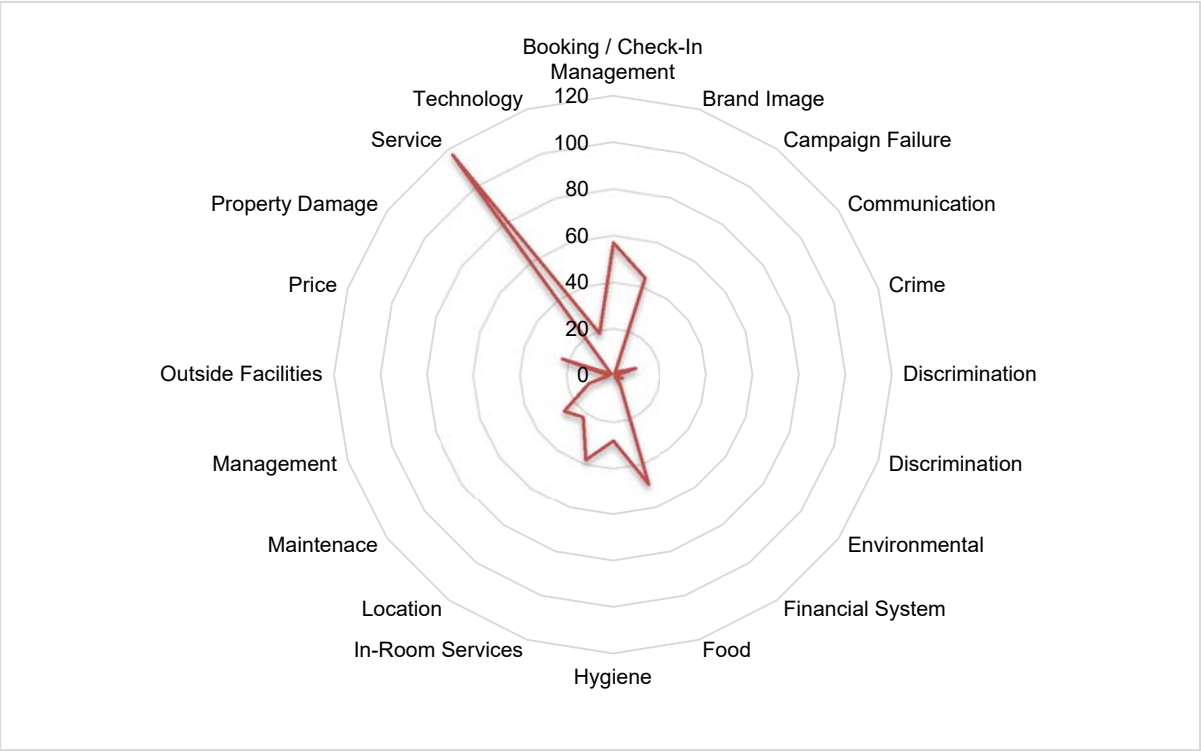
From the sample of 3 431 reviews between various hotel facilities and regions, negative customer perceptions of the brand amounted to 23.28%. Five hundred (14.57%) rated the brand as average and lacking in differentiation from other hotel brands, 164 (4.78%) believe that the accommodation and service delivery was poor and not up to standard, and 135 (3.93%) will not advocate the brand and deter other customers from using CLHG as a preferred hospitality provider.

Figure 20: Cumulative Customer Review Ratings



The feedback obtained from customers was separated into different dissatisfaction factors to identify the most important factors to focus on. According to the analysis, it was discovered that customer dissatisfaction is grouped into four (Fin24) major factors, namely: Service delivery standards; booking system effectiveness; quality of food and related services; and in-room services. One cannot say that these issues are endemic to specific hotels in that these trends are identified countrywide.

Figure 21: CLHG Negative Publicity RCA



2.3.8 Competitive Intelligence Capability

The CLHG currently does not utilize a structured competitive intelligence process. The aim of competitive intelligence is to understand what your competitors are planning and the opportunities that offers your company.

2.4 Summary

After comprehensive and thorough analysis, the CLHG's performance in the various departments analysed can be described as a well-functioning group within the industry. The CLHG does have a strong market presence in the industry but is conservative in taking on new opportunities (possible risks involved) which could enable the group to be at the forefront, capitalising on new opportunities.

Transformation has been a major talking point in South African business circles since the birth of the new South Africa. CLHG is embracing transformation and diversity and has implemented policies to ensure successful integration of individuals from different racial and gender backgrounds.

The CLHG has divided its operation into two segments, South African and African operations. The financial analysis indicated that the CLHG has sustained continual growth over the last decade (up to June 2017) and has increased the Company's share price by more than 100% in the last nine years, which is remarkable. Corporate Governance in the Group is very effective and there are multiple policies in place to uphold and improve governance within the Company. Furthermore, to remain listed on the JSE, good corporate governance is vital. It is indicated on the life cycle analysis that the CLHG is in the early maturity stage, meaning that now is the time to innovate so that it can move into a renewed growth phase and remain a strong competitor in the market.

In analysing the Group's technological aspects, CLHG was analysed to be in low digital maturity. It was perceived that the Group is sceptical to implementing new innovative technology as this is costly and takes a lot of time to realise. The website is efficient; however, shortcomings were identified, and recommendations will be made to address these points. A VRIO analysis was conducted to analyse the Group's competitive advantage in the market; long term competitive advantages were identified in several segments which indicates positive competition from CLHG. In most segments CLHG was determined to be equally competitive in the market.

A key finding in the project management aspect of the group was that there is low project management governance in the Property and Development department as there were some delays in recent building projects. This could be due to a very lean management structure in the department as well as increased difficulty in penetrating African markets. A new project management method is recommended and will be illustrated in Chapter 3. Lastly, it was identified that the CLHG does not have competitive intelligence practices in place, therefore it is difficult for the Group to monitor activities of their competitors in the market.

CHAPTER 3 STRATEGIC IMPLIMENTATION

3.1 Introduction

In this chapter, recommendations will be made to improve operations within the City Lodge Hotel Group, to allow senior management to evaluate and implement new strategies into the business, for the future. These new business plans, methodologies and models will include internal and external improvements as a comprehensive package. The recommendations will be presented as a comprehensive Strategic Plan for the CLHG. The Strategic Plan, compiled by Wallstreet Wolves, in partnership with the North-West University School of Business and Governance is designed not to alter or cause disruption in the CLHG but to serve as a guideline for management within the Group to evaluate, utilise and implement to improve the Group's competitiveness, market share and increase financial performance in the Group's South African and African operations. The new Strategic Framework was designed along with an extensive Strategic plan to assist the City Lodge Hotel Group in improving operations for the next five years, up to 2023. Thereafter a Strategy Monitoring System was designed to monitor and evaluate the progress and successes/failures of the new Strategy Plan in the foreseeable future. The new Strategy Plan called: Business 2023 was designed to allow flexibility in implementation. Flexibility in implementation will assist the responsible persons (individuals responsible for their departments) in adapting existing business practices to the new proposed strategies and not cause disruption during the continuation of the CLHG's day-to-day activities. All information gathered and analysed, together with recommendations made is regarded as strictly confidential and will not be shared with any parties outside of the CLHG Executives and North-West University delegates.

3.2 Findings

3.2.1 General

a. The vision statement does not clearly elaborate on the future potential and aspirations of the CLHG. The statement is also not challenging enough in response to external organisational forces and future trends.

b. The mission statement lacks the core elements of best practice components. The essence of the Organisation, its standards and operating methodologies are not captured to an extent that aligns the various stakeholders and drives decision making parameters in the Organisation.

3.2.2 Internal Organisational Analysis

a. There is currently no documented or formalised strategic management process employed by the CLHG. It is also unclear where the responsibility for strategic management resides. Additionally, strategic management is not clearly integrated with day-to-day business processes, resulting in reactive responses to external forces.
b. The proposed target market is highly price sensitive and is searching for low cost, high value hospitality services. The decision by the Group to maintain its position not to implement yield management will severely impede its ability to compete in this market segment. The effects might be severe on the Organisation should this strategy be maintained as the target market will generate the highest revenue streams by 2025.
c. According to estimation, the CLHG has captured 8.57% of the market share. The market share is well below that of its closest competitors which might hamper growth and sustainability in the long run.
d. The current business model is not clear enough to determine the key success and differentiation factors of the Organisation. It is also unclear how the Organisation creates value for its customers.
e. The structure of the information management department is not sufficient to align the Organisation with technology trends in the hospitality industry.
f. There is no data analytics system employed to proactively and continuously dissect important market indicators for strategic decision making and response.
g. CLHG is currently a late adopter of new technology although the market trends point towards risks that late adoption of technology in this industry will lead to loss of market share and competitive advantage.
h. The digital maturity of the CLHG is not sufficient to respond to current and future market forces.

i. In comparison to competitor websites, the Organisation's website seems to be directed more towards the attraction of potential investors as opposed to customer attainment and sales conversion. The landing page is cluttered which might be the reason for the high bounce rate.
j. There are limited partnerships with large travel referral websites (i.e. Trivago, Booking.com, etc) to promote brand equity.
k. Multiple key word searches relevant to the tourism and travel industry was performed on Google to determine brand visibility. The Organisation's website did not feature in the top rankings or first search page of any of the searches that were performed
l. The CLHG does not pose the necessary agility too quickly and cost effectively adapt to changing customer expectations and market forces.
m. Employees are not sufficiently empowered and involved in decision making in line with their role.
n. Fifty-eight percent of employees indicated that they can't experiment without feeling worried about making mistakes, therefore inhibiting continuous improvement.
o. Forty-three percent of employees felt that they and or their team are not consistently recognised when they exceed expectations, and 49% of employees indicated that they or their team do not receive higher levels of rewards and recognition for higher levels of performance.
p. Impairment of receivables increased from R3.9m to R6.7m with a reduction in occupancy hence affecting the bottom-line negatively.
q. A structured Competitive Intelligence (CI) program is not currently being utilised by CLHG and thus is not capitalised on.
r. The Organisational Life Cycle indicates that the CLHG is in the beginning of the maturity phase. To prevent the Group moving into the decline phase it would need to identify the next disruptive idea to move it into the growth phase of the Organisational Life Cycle.

3.2.3 External Organisational Analysis

a. Multiple reoccurring customer dissatisfaction trends were identified across the footprint of the Organisation. The most concerning being poor customer services standards and customer perceptions that the brand is not living up to their expectations.
b. There are no unique service offerings that differentiate the CLHG from its competitors. The dominant target customer segment however requires packages of additional value-added services to enhance their overall experience and satisfaction.
c. Online search rankings have confirmed that the brand is not readily known to the international community. Market research has pointed towards the importance of targeted focus on this market due to the high influx of international travellers into South Africa and their increasing spending patterns and power.
d. It has been discovered that there is a steady decline in occupancy rates in the past years. The integrated report attributes this decline to economic conditions however research point towards the possibility that the CLHG is not targeting the dominant customer segment.
e. There is currently no formalised and structured project management framework or methodology utilised by the CLHG. This results in the inability of the Organisation to effectively govern and control large projects.
f. The current marketing strategies employed by the CLHG focus more on the older generation travellers, however market trends indicate that the industry will be dominated by younger travellers in the next few years. It has been found that these travellers are targeted predominantly through online mediums and mobile applications.

3.2.4 Strategic Objectives

In order to address the strategic gaps identified, a set of short- to medium-term strategic objectives were developed into a proposal to align the Organisation with its futures realities. The table below elaborates on the individual strategic objectives and its functional relevance within the CLHG.

Business Perspective	Strategic Objective	Business Focus	Strategic Horizon
Social Impact	Revitalise our Vision & Mission statement in line with strategic drivers by 2019.	General	Short Term
Internal Operations	Formulate a formal strategic management methodology by 2019.	General	Short Term
Customers	Revitalise online brand presence and visibility by 2019.	Marketing & Sales	Short Term
Customers	To implement a comprehensive integrated marketing communication strategy by 2019.	Marketing & Sales	Short Term
Customers	Review pricing policies in line with market signals by 2019.	Marketing & Sales	Short Term
Internal Operations	Establish an employee recognition program by 2019.	Human Resources	Short Term
Internal Operations	Implement a form Competitive Intelligence Program by 2019	General Management	Short Term
Internal Operations	Implement a structured project management methodology by 2019.	Project Management	Short Term
People	Implement an empowered accountability model by 2019.	General Management	Short Term
Organisational Capacity	Restructure the Information & Technology Management Department in response to market trends by 2019	Information & Technology Management	Short Term

Internal Operations	Integrate the various software systems into a single integrated ERP system by 2021.	Information & Technology Management	Medium Term
Internal Operations	Increase our digital maturity level with 50% by 2021.	Information & Technology Management	Medium Term
Internal Operations	Increase our agile maturity level with 50% by 2021.	Information & Technology Management	Medium Term
Customers	Reduce negative customer publicity with 15% by 2021	Marketing & Sales	Medium Term
Financial	Reduce receivables impairments with 30% by 2021	Financial Management	Medium Term
Financial	Increase our market share in the business travel segment by 3.4 by 2023.	Marketing & Sales	Long Term
Customers	Increase occupancy rates with 30% by 2023	Marketing & Sales	Long Term
Internal Operations	Implement a unique and differentiated business model by 2023.	General Management	Long Term
Expansion	Increase the business footprint through adding 3 new hotels per high income provinces by 2023.	General Management	Long term

3.2.5 Scenario Planning

Scenario modelling is a revolutionary approach to strategic alignment that was pioneered by the Shell Group. It entails developing various alternative or possible future realties that might expose the Organisation to positive or negative external forces within its operating environment. Unlike forecasting, scenario planning is not based on accuracy but rather on possible futures. It allows the Organisation to prepare itself for various eventualities so that it is not caught off guard should the scenario occur. This approach was followed to identify various sets of scenarios that the CLHG might be exposed to (See Annexure W). Various lenses were utilised to derive plausible and possible futures that the CLHG should take cognisance of. The lenses included current realities; key uncertainties of various factors within the operating environment; and key trends and predictions of industry and market driving forces. Scenario modelling is not a once-off exercise, but rather an evolutionary approach that requires the Organisation to continually think of and develop alternative future situations. For this project, a combination of five (5) scenarios has been selected that is believed to have the most significant impact on the CLHG in the near future. There are however a number of scenarios that have been additionally listed that we propose should be explored by the CLHG in their future strategic management conversations. The scenarios that have been selected and that deserve immediate investigation and analysis by the CLHG include:

- There is a mass migration of Millennials and the younger generation from South Africa. Seeing the absolute need to explore, it is highly likely that these generations will relocate throughout the world. The impact on the CLHG is that most of its future target customer market will disappear resulting in possible business closure.
- Demand for selected services hotels cease completely. The demands of the target customer market are highly centric around experience and a differentiation of services (packages). It is improbable that reliance on selected services will capture and retain this market segment.
- Market occupancy rates reduce to 10%. Although it might seem impossible, should innovative business models such as Airbnb capture the business market segment

to such an extent that hotels become an extinct species, the likelihood of such occupancy rates becomes possible and a high threat to the CLHG.

- Sustainable growth rates in GDP cannot be achieved resulting in a long-term recession. The South African economic system is highly volatile and positive economic outlooks seem to diminish as political decisions are made. The CLHG is in a positive financial position however the question that should be asked, is how long it can weather the storm of a prolonged recession.
- Technology innovation advances to such an extent that demand for business travel reduces significantly. Based on the pace of technology advancements in the world, it is highly likely that business travel will reduce. The CLHG will need to start thinking of diversified portfolios of goods and services within the travel and tourism industry to ensure prolonged existence.

3.2.6 Strategic Implementation Plan

Based on the strategic objectives developed for the CLHG, short-, medium- and long-term strategies has been developed and proposed to close the various organisational gaps and unattended external environmental forces identified. Due to the comprehensive nature of the plan, Microsoft Projects was utilised in support of providing a value adding product that the CLHG can utilise to actively manage the proposed plan going forward. A summary version of the plan has been included in Annexure X however the comprehensive version has made available on the electronic media supplied with the final report.

3.2.7 Key Recommendations

In support of the strategic implementation plan developed for the CLHG, there are several critical business recommendations that we would like to propose as we see these as critical to business success.

- The speed and evolution of technology within this market is unprecedented and highly disruptive in nature. This has caused the strategic planning horizon and reaction time to shorten tremendously. The CLHG will only be able to maintain its

competitive position if it adopts agile response and implementation techniques throughout the Organisation.

- Continuous learning needs to be promoted by all levels of management, this can be done by putting a development plan in place for each employee on an annual basis at his/her performance review. The manager and employee together identify development areas and courses to assist in growing the employee, then set a time frame and action plan in place to ensure development can take place.
- CLHG could implement a mentorship program, matching employees with a colleague who is at a higher level in the Organisation and who could assist and guide the employee to grow. The digital suggestion box would help employees to pass ideas through. CLHG must ensure that there are sufficient resources in place to follow up on these suggestions and ensure they are implemented. Feedback on the suggestions should be given on a regular basis.
- Leaders needs to be open and transparent about sharing information which enables people to make and act on decisions. Giving people a platform to challenge the status quo will help to improve and grow the organisation. Setting up an internal electronic suggestion box to provide employees with a forum to anonymously present ideas to leaders could meet this need. In turn, leaders could communicate decisions back to employees through an internal newsletter or bulletin that goes out weekly or monthly.
- Rejuvenate the “I’m Kind” program through a roadshow around South Africa where the program is newly presented in detail to employees. Provide employees with the opportunity to ask questions about the program and make suggestions to improve it. CLHG must establish an independent review committee to both review the requirements for the PAL bonus and adjust the requirements as needed. The aim is still to set reachable requirements, without discouraging employees.
- Use the monthly or weekly newsletter to acknowledge employees and their teams for extraordinary performance in the group. CLHG has managed to create an organisation were employees are living the values of the organisation, with strong leadership. Jobs are well defined, and performance is managed well.

The following stakeholder’s communication guide should be considered for implementation by the Organisation:

Communication Objectives	Communication Channels	Frequency	Additional notes and actions	Sender Responsibilities	Completion date
Facilitating open communication and breaking down Silos within the group	Face to face collaborative meetings between departments	Monthly	Monitor progress every month to ensure implementation	Executive Directors ensure that meetings are scheduled and attended	Monthly
Communicating values	Printing values on flashcards and posters that can be placed in areas that are frequented by employees	Monthly	Monitor progress every quarterly to ensure success and update values if needed	General Managers	Quarterly
Enhance communication regarding news and developments within the organisation	Make use of strategically placed billboards and implement an intra-network like workplace by Facebook	Quarterly for billboards and weekly for an intranet communication platform	If an intra-network is adopted it must be monitored by designated managers from every department to ensure that the platform is not misused.	Executive decision implemented by General Management	Quarterly
Review progress about guest feedback	Direct email, Chat bots (24/7 software) on Social Media platforms	Daily	Ensure monitoring and enabling multilingual usage	Front office management	Ongoing
Involve and monitor	Email, Newsletter and regular shareholder meetings	Quarterly	Promote multilingualism to promote diversity	Directors	Ongoing
Involve and monitor	Phone calls and emails to suppliers	Weekly	If possible, limit the number of contact people	Procurement and financial departments	Ongoing

3.2.8 Change Management

The implementation of strategies brings about major changes within the organisation and challenges predispositions on how things are done. According to Kanter (2012) people are inherently averse to changes in an environment that they know well, have come accustomed to, and feel safe in. There will thus be a strong resistance to change that may hamper the effective and efficient alignment of the Organisation to its strategic priorities.

To enable CLHG to proactively manage resistance to change and ensure that the strategies proposed are implemented in the most optimal and cost-effective way, a change management plan has been developed based on the Kotter change management methodology (see Appendix Y). The plan however does not ascertain strategy implementation success and the management team of CLHG should take note that there is certain risk within the change management process that might influence the success of the overall program. The below table illustrates industry typical change management risks that should be understood well before plan commencement and that mitigating actions are implemented to prevent negative impacts and strategy implementation delays.

Table 14: Change Management Plan: (Peterson, 2017)

Risk No	Risk	Impact Analysis			Mitigating Actions
		Cost	Time	Quality	
1	Lack of alignment	X	X	X	A strategic management committee should be established that meet on monthly intervals (strong strategic dialogue as basis for discussion)

2	Scope creep	X	X		Changes should only be introduced by the Strategic Management Committee after proper evaluation
3	Unrealistic expectations		X	X	The strategic management plan will pace the speed of implementation.
4	Strategies not communicated	X	X	X	Develop a strategy communication pack and conduct roadshows.
5	Complacency	X	X		The strategic management committee should monitor implementation and create urgency where needed.
6	Limited executive support	X	X	X	It is imperative that the letter of support be forwarded to the organisation and that the CEO provide the necessary visible support towards the strategies to be implemented.
7	Shortage of skills		X	X	Targeted training interventions to be implemented in support of the strategic imperatives.
8	Change management team not sufficient		X	X	The change management team should compromise of senior executive who can drive the change within their functional areas of responsibility.

9	Vision statement not creating excitement	X	X	X	Review the current vision statement in line with proposals.
10	Change barriers not effectively removed	X	X	X	Change coordinators should be appointed in the various operational areas to communicate barriers at grass root that prevent effective implementation.
11	Ineffective planning process	X	X	X	Appoint a project planner to monitor and update progress on the strategic management plan.
12	Definition of victory not well established			X	Monitor the proposed DOFs on the strategic management plan.
13	Strategies implemented as once-off initiatives		X	X	The strategic management committee must evolve the strategic management plan after dialogues.

There should be a driving force of senior officials from the CLHG who will need to communicate, support and monitor implementation of the proposed strategies. It is proposed that the current CFO, Mr Alastair Dooley, be appointed the company's Chief Strategy Officer. The motivation surrounding this proposal is that he is strategically aligned between operations and financial management and is in a position to quickly and effectively evaluate the feasibility of strategies and the ability of the Organisation to execute such strategies based on financial drivers. It is additionally proposed that the divisional director from each functional core be represented in this committee to ensure the strategic imperatives are echoed throughout the Organisation. The proposed members of the strategic management committee are as follows:

- Mr A. Widegger (Chief Executive Officer)
- Mr M. Kobilski (Director: Human Resources)
- Mr R. Ruthven (Director: Information Technology)
- Mrs L. Sangweni-Siddo (Chief Operating Officer)
- Mrs M. Van Heerden (Company Secretary)
- Mrs Zuki Jantjies (Director: Marketing & Sales)

3.2.9 Proposed Business Model

It has been firmly established that the CLHG has a sound business and financial foundation that has served international and domestic business travellers with prestige throughout its rich history. The CLHG has also earned its place as one of the top hospitality providers and brand of choice in South Africa. The reality however is that the future success and sustainability of any brand are dictated by the forces of product life cycles and changing customer demands. Many great brands throughout history, such as Nokia and Kodak, have committed corporate suicide by not adapting their business models to changing industry demands. One might argue that it takes many years for such a catastrophic event to occur, however those two brands were caught off-guard and became insolvent in a matter of months.

The various tools, analysis and trends utilised in this report have indicated that a revolutionary change is imminent for the hospitality industry, which is driven by younger generations and information technology. The current situation of the CLHG is not favourable to weather the inevitable change that is approaching. Should the group ignore these changes and recommendations, like as the organisations mentioned above did, the risk is substantial that the organisation will lose the battle to obtain the dominant market share in the new era of hospitality.

To protect the CLHG against this risk, it is proposed that the current business model be adapted proportionally towards future trends over the next five (5) financial years. Utilising the Osterwalder Business Model- and Unique Value Proposition canvas, an new innovative and evolutionary business model has been developed for the City Lodge Hotel Group (See Annexure Z).

As opposed to the current business model that follows an inward-out approach, the new business model was developed utilising external forces recognition as the basis for model development. The core focus of the model development was around the customer, which should be regarded as the most important asset of the CLHG. The various needs, actions and fears of the target customers have been unpacked to understand and develop value adding products and services that will fulfil their needs in every conceivable way.

3.2.9.1 Key Partners

Extensive research has indicated that one of the key success factors of the hospitality industry is brand recognition and promotion. Seeing that there are a number of diversified organisations within the South African Travel and Tourism industry, it will be in the interest of the CLHG to form strategic partnerships with these organisations to capitalise on its existing customer base. It is proposed that the following strategic partnerships be formed:

Corporate Travel Agencies: Negotiate higher search rankings and referrals for a commission reward.

Transport Providers: Travel to and from the various hotel facilities has been identified as a frustration for customers. A partnership should be formed with various transportation providers from an affiliate marketing point of view.

Travel Aggregators: The target customer segment is highly reliant on online platforms to search and book accommodation. The CLHG should list on all the major travel aggregators and ensure that the rankings of the Organisation remain optimal.

Food and beverage providers: The core business of the CLHG is hospitality, it is proposed that all food and beverage services be outsourced to a reputable BBBEE organisation, in order to support the company's objectives for transformation through vertical integration. Keeping customer expectations in mind, it is proposed that the current selected services policies related to food and beverage be broadened and a full menu be added to the service offering available 24 hours a day where needed.

Fitness: There is currently a trend globally towards health and fitness. The Generation Z and Millennial travellers require fitness facilities to be made available to them. Seeing the capital cost to invest in these facilities, it is proposed that the organisation partner with Planet Fitness or any local reputable fitness centre to provide guests with the option of training at these facilities free of charge during their stay.

Blaisure: Millennial travellers regularly extend their business trip for leisure activities. The focus of the CLHG is not on this market, however partnering with a local reputable BEE tour operator can capture a larger customer audience due to this value added service.

Event organiser: There are multiple events, conferences and exhibitions in all the footprint locations throughout the year. It is proposed that the CLHG partner with reputable event organisers to become the hospitality provider of choice when recommended by these organisations.

3.2.9.2 Key Activities

The identified key activities provide the customer with a holistic, value adding and unique customer experience when combined. The CLHG should excel at customer service and set the standard of service delivery in the market.

3.2.9.3 Key Resources

The critical resources of the CLHG are its facilities, people and partnerships. The current footprint does not capitalise on the travel and spending patterns within the various provinces of South Africa. Agility in this regard is imperative to penetrating the various unexplored areas. We recommend that the CLHG expand its footprint by means of acquisitions.

3.2.9.4 Value Proposition

The organisation is currently well positioned to service each of the different types of accommodation segments (budget, midscale and upscale). Research conducted however indicates that the hotel of the future will be “Everything for Everyone”. This

might sound like an unrealistic objective to achieve however the organisation that achieves it will ensure long term competitive advantage.

We propose that the CLHG invests its efforts in one brand in the coming year to test the feasibility of a multi-focus hotel facility. There is a strong suggestion from market research that the hospitality rating of choice between the various business travellers is 3-Star. It will thus be in the interest of the Organisation to focus on the City Lodge brand to create a futuristic hotel. We propose that the current hotel be transformed into the following facilities:

- The facility should have multiple floors, each presenting the business traveller with unique service offerings.
- The first- and second-floors should cater for the needs of the budget business traveller and must be fitted with smart technology.
- The third-floor should cater for the midscale business traveller.
- The fourth-floor should consist of a cafeteria that provides breakfast, lunch, dinner and snacks.
- The fifth-floor should consist of boardrooms fitted with every type of presentation, engagement and collaboration technology. Specialised Skype meeting rooms and virtual reality studios should be constructed.
- The sixth-floor should be established as an entertainment area, where business travellers could relax after a hard day's work.

3.2.9.5 Customer Relationships

A differentiating strategy that enables a competitor to predict customer behaviour and provide a unique and customised service offering in the hospitality industry is one that would set that competitor apart from its peers. The CLHG could achieve this by increasing its digital maturity level as well as through the implementation of data analytic and artificial intelligence systems to monitor, predict and report on customer behaviours.

Corporate customers should be regarded as the foundation of business focus and management. A dedicated account management team should be established to

peruse long term contracting opportunities and to manage key customers at continuous intervals.

3.2.9.6 Channels

Focus should be placed on the online presence of the CLHG which is currently lacking and perhaps the main cause for the continued decline in occupancy rates. The Organisation should ensure that top rankings are achieved on all search engines and social media sites.

It is imperative that the Organisation commences with the development of a mobile application to capture younger audiences and to enable technology advancements within the Group. It is proposed that the mobile application presents the following features to the target customer segment:

- Accommodation search per indicated price bracket.
- A map showing hotels in the vicinity.
- Check availability of accommodation.
- Booking of accommodation.
- Self-check-in at the various hotel facilities.
- Room control (unlock door, air-conditioner, lights, television, etc).
- Ask for assistance, immediate communication to the front desk or help bots (FAQ).

3.2.9.7 Customer Segments

It has already been established that the target customer segment of the CLHG is younger generation business travellers. It is however necessary to explore the corporate or business market segment in more depth. There is a huge opportunity to target sport teams, schools and universities that reside within this focus market.

3.2.9.8 Cost Structure

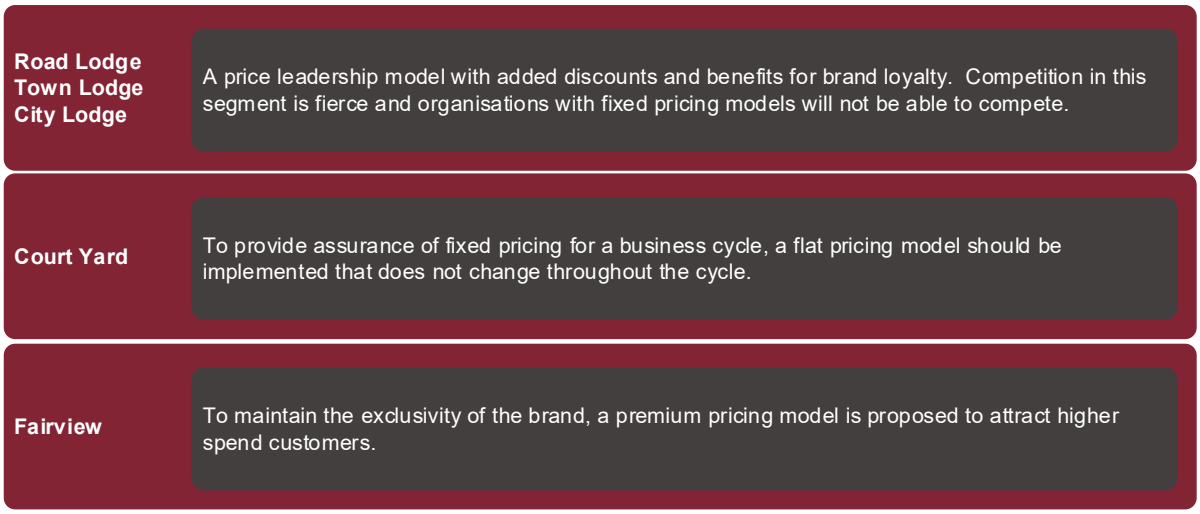
The highest cost elements identified are maintenance, upgrades and construction of new hotel facilities. A rigorous project management governance framework should be

put in place to ensure all projects are executed on-time, in-budget and to the required quality specifications.

3.2.9.9 Price Model

The current flat pricing model policy employed by the CLHG might be beneficial for a very small customer segment, however research has shown that younger generation travellers are highly price sensitive. In alignment with the target customer requirements, it is proposed that the following pricing models be adopted:

Figure 22: Price Model



3.2.9.10 Revenue Streams

There is no additional unique revenue stream proposed to the CLHG. It is however to be noted that several technology advancements regarding the way in which customers pay for their accommodation and services can create a competitive advantage for the CLHG. Investment should be made into developing a hotel block chain to facilitate electronic agreements and payments. This will enable customers to pay with crypto currencies and larger organisations to seamlessly integrate with the hotels. There is massive reward for the hospitality organisation that develops such a unique servicing offering.

3.2.10 Summary

Following the detailed analysis of the Group, all the relevant findings was listed within this chapter. Key recommendations were made as to how these findings should be addressed and the time line as to when it should be implemented by.

Some of the key recommendations was: Implementation of technology, continuous learning, mentorship programs, open and transparent leadership and the rejuvenation of the rewards program. A Stakeholder communication guide was developed to improve alignment and communication between internal and external vendors. This is essential for the success of the CLHG.

A detailed change management plan has been drawn up to assist the Group through the process of change that is at the best of times a very challenging phase for any company to go through. Utilizing the Osterwalder Business-Model and Unique Value Proposition Canvas a new and updated Business-model canvas was designed with the purpose of assisting the CLHG to gain a sustainable competitive advantage within the industry.

CHAPTER 4 CONCLUSION

Competitive advantage and industry disruption is not easily sustained in the ever evolving and highly competitive hotel industry. It is evident from the study that since the Groups inception in 1985, CLHG has been a driving force within the selected services hotel industry. With its break through innovation in 1985 being the first selected services hotel group to expanding into the various target markets by introducing new brands in the early 2000. The group have indeed succeeded in their aspirations and have become not only a leading player in the South African Hotel Industry but have become a force to be reckoned with.

It is however evident looking at the Organisational life Cycle that the Group is on the decline phase and needs to innovate and adapt to the changing hospitality environment, through considering the recommendation of this report.

During this project there was already significant changes made to the organisational structure effective the 1 July 2018 with Mr. Andrew Widegger, the new CEO, leading in a new era for this successful company.

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ANNEXURE A: VISION AND MISSION STATEMENT ANALYSIS

Table 15: Vision Statement Analyses

Vision Statement	Benchmark	Rating
We will be recognised as the preferred sub-Saharan African hotel group. Through dedicated leadership, teamwork and kindness, we will demonstrate our consistent commitment to delivering caring service with style and grace. We will constantly enhance our guests' experience through our passionate people, ongoing innovation and leading-edge technology. Our integrity, values and ongoing investment in our people and hotels will provide exceptional returns to stakeholders and ensure continued, sustainable growth. Through acts of kindness we will make a positive difference to our guests, our colleagues, our communities and our environment.	Is the statement **future focused** for the next 5 to 10 years?	4
	Is a clear **direction** of where the organisation is heading provided in the statement?	4
	Is the statement **clear** that all levels of the organisation can understand?	2
	Is the statement **relevant** to the organisation's past and its current operating realities?	2
	Is the statement **purpose driven** and can the people of the organisation relate with the vision?	3
	Is the vision **value driven** and aligned with the core philosophies of the organisation?	2
	Is the vision **challenging** for the organisation to achieve?	2
	Is the vision **unique** in comparison with the operating methodology of competitors?	2
	Is the vision **vivid** in that it creates mental images when read?	2
	Is the statement **inspiring** to all stakeholders that engages and inspires them to achieve the vision?	2
	Total Rating	25 / 50

Table 16: Mission Statement Analyses

Mission Statement	Benchmark	Rating
Our credo represents the character of City Lodge Hotel Group Hotels. It represents the collective qualities, mental and moral, that distinguish us in our marketplace. Whilst our hotels are constructed with bricks and mortar, it is our people, and the relationships that they build with other people, that provide the real strength that allows us to grow and prosper. We care for our country, for the property of our Guests, for our company, and for our environment, with which we have been entrusted by future generations. But above all, we care for people! To care for people means that we are emotionally connected, that we feel concern and that we are sincerely interested in people's wellbeing and success. We care for our Guests, for one another and for the communities in which we live. We care about being hospitable, about the safety and wellbeing of our Guests whom we warmly welcome into our 'homes from home'.	Does the mission statement identify the target **customers** and how they are benefited by the product and /or service?	1
	Is the main **products /services** offered to market clearly indicated?	1
	Is the **geographic market** in which the organisation operate, clearly identified?	1
	Does the statement mention the basic **technology** capability of the organisation?	1
	Is there a firm commitment towards **growth** and financial performance?	4
	Is the basic beliefs, values and **philosophies** that drive the organisation clearly stated?	3
	Is the **unique value proposition** of the organisation clearly stated?	1
	Does the statement make mention towards its **corporate social responsibility**?	3
	Is clear mention made towards the concern for the organisation's **employees**?	5
	Total Rating	20 / 45

ANNEXURE B: BRAND FOOTPRINT

Figure 23: City Lodge Hotels Footprint and Services by Author (2018)

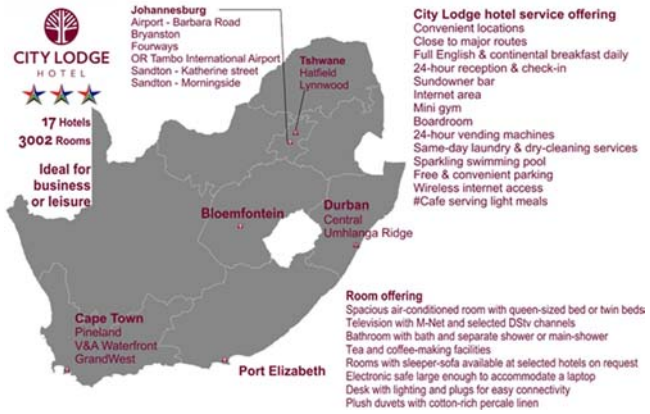


Figure 24: Road Lodge: Footprint and Services by Author (2018)

Figure 25: Fairview Hotel: Footprint and Services by author (2018)

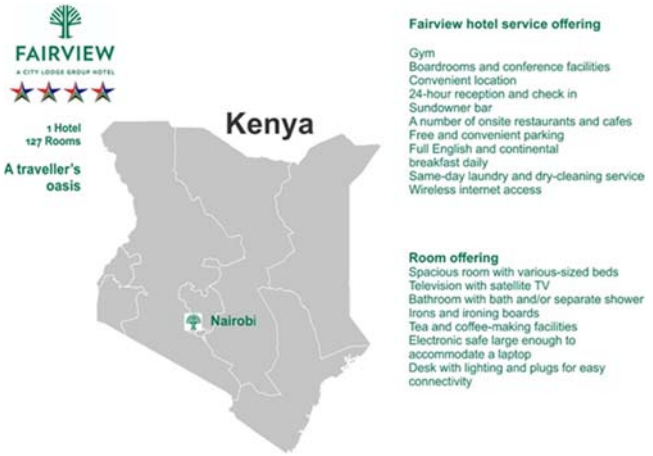


Figure 26: Town Lodge: Footprint and Services by Author (2018)

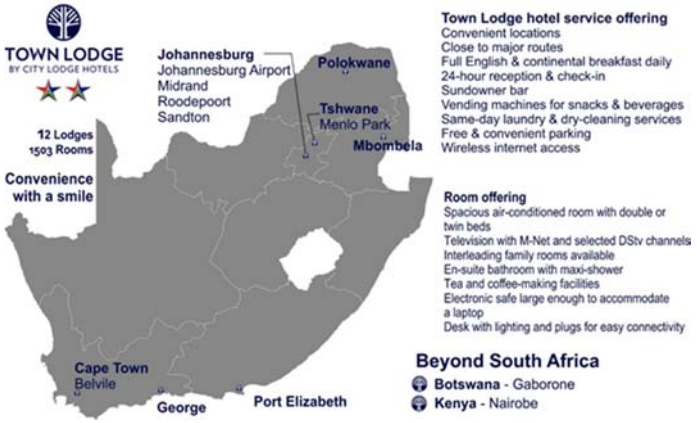
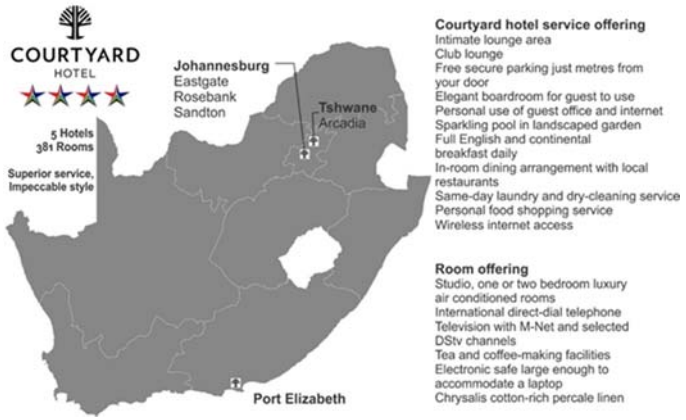
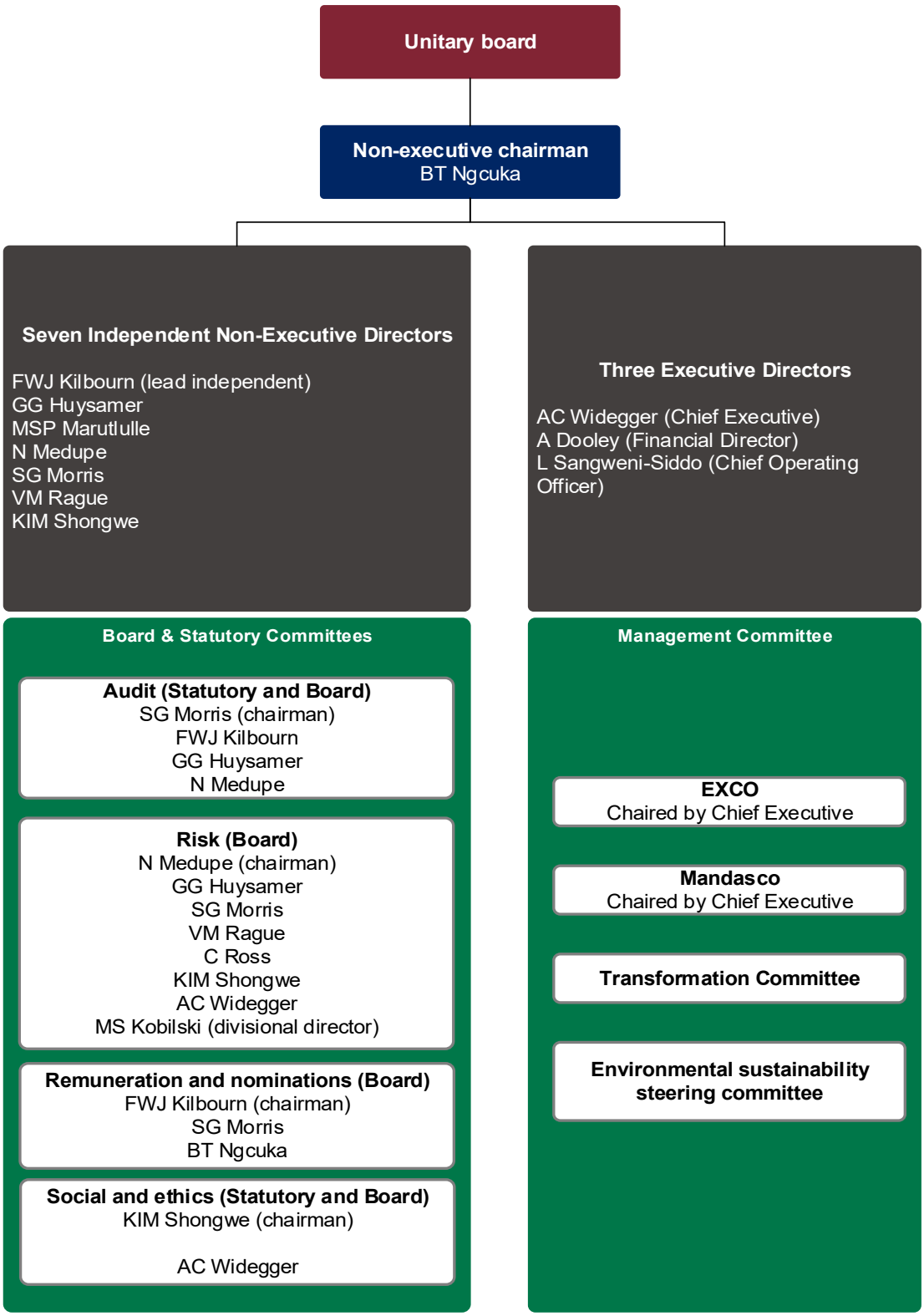


Figure 27: Courtyard Hotel: Footprint and Services by Author (2018)



ANNEXURE C: BOARD STRUCTURE

Figure 28: Structure of the City Lodge Hotel Group Board: (Author, 2018)



ANNEXURE D: FINANCIAL ANALYSIS

Ratios

Table 16: Financial Ratios of CLHG: (Author, 2018)

Actual figures were used, no adjustment for abnormalities.

	2017	2016	2015	2014	2013	2012	2011
Revenue Growth	2%	15%	23%	9%	11%	11%	
Operating Margin	34%	35%	35%	34%	34%	33%	33%
Profit Margin	24%	25%	30%	31%	26%	22%	21%
Return on Asset	15%	17%	19%	19%	18%	15%	13%
Return on Equity	21%	23%	27%	26%	24%	21%	20%
EBITDA Margin	-1%	14%	25%	8%	10%	12%	0%

Figure 17: Financial Ratio's: (Author, 2018)

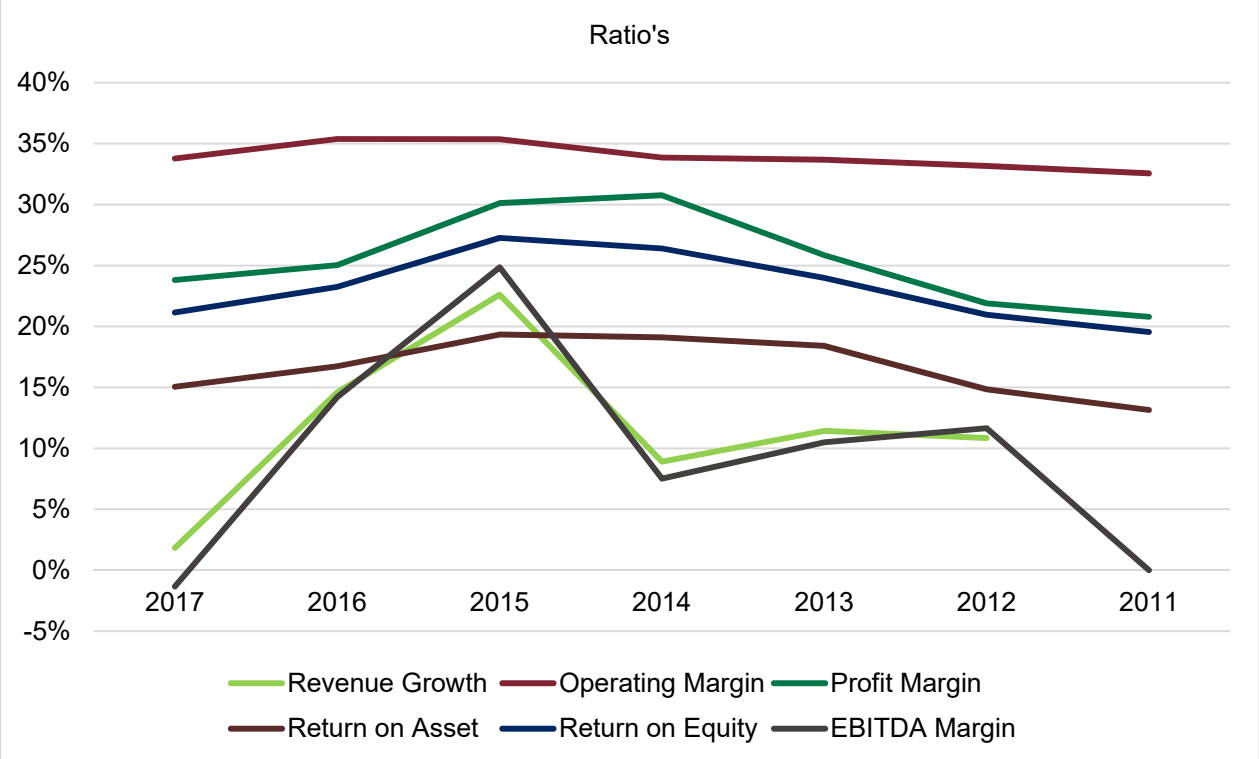


Table 17: Debtor Breakdown

Trade receivables by type of customer	2017	2016
Travel agents	74 676	68 092
Large corporates and companies	20 416	29 316
Total	**95 092**	**97 408**

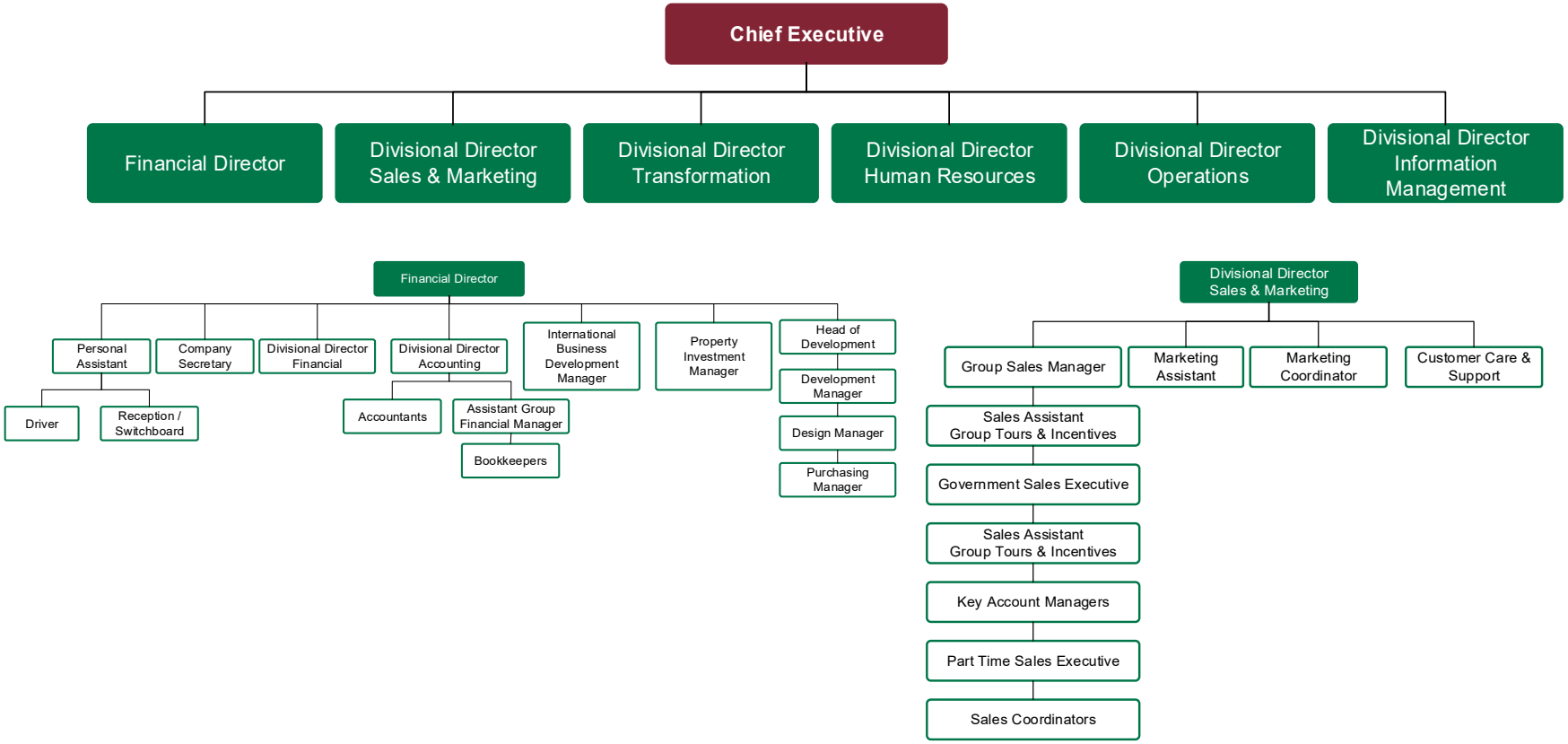
Table 18: Debtor per Region

Trade receivables by geographical region	2017	2016
Trade receivables by geographical region – South Africa	90 582	89 389
Trade receivables by geographical region – Kenya	3 284	6 354
Trade receivables by geographical region – Botswana	1 226	1 665
Total	**95 092**	**97 408**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue	1,520.4	1,493.2	1,303.0	1,062.8	975.9	875.8	790.2	794.1	665	599.9	509.7	442.1
Profit after tax	362	373.8	392.5	326.9	252.3	191.8	164.3	233.5	236.2	226.5	177.9	143.9
Total Assets	2405.7	2234.6	2030.3	1711.4	1370.8	1292.4	1249.5	1229.4	790.6	778.5	674.1	607.1
Equity	1711.5	1607.7	1439.8	1238.1	1051.9	915.2	840.6	805.9	695.6	626.5	534.4	466.5
Dividend per share	500	517	460	391	351	268	228	327	361	371	239	238
Earnings per share	833.6	859.9	759.9	643.1	578.3	442.8	379	540.8	594.1	527	413	337.9
Share price	140.13	155.52	138.99	127	120	84.95	65.23	67.85	69	69.99	80	49
Dividend payout	59.98%	60.12%	60.53%	60.80%	60.70 %	60.52 %	60.16 %	60.47 %	60.76 %	70.40 %	57.87 %	70.44 %
Profit Margin	24%	25%	30%	31%	26%	22%	21%	29%	36%	38%	35%	33%
A/E	1.41	1.39	1.41	1.38	1.30	1.41	1.49	1.53	1.14	1.24	1.26	1.30
A/S	1.58	1.50	1.56	1.61	1.40	1.48	1.58	1.55	1.19	1.30	1.32	1.37
Retention rate (1-d)	40.02%	39.88%	39.47%	39.20%	39.30 %	39.48 %	39.84 %	39.53 %	39.24 %	29.60 %	42.13 %	29.56 %
Sustainable growth	9.25%	10.22%	12.06%	11.55%	10.41 %	9.02%	8.44%	12.94 %	15.37 %	11.98 %	16.31 %	10.03 %
Sustainable growth 2006-2017	**11.46%**											

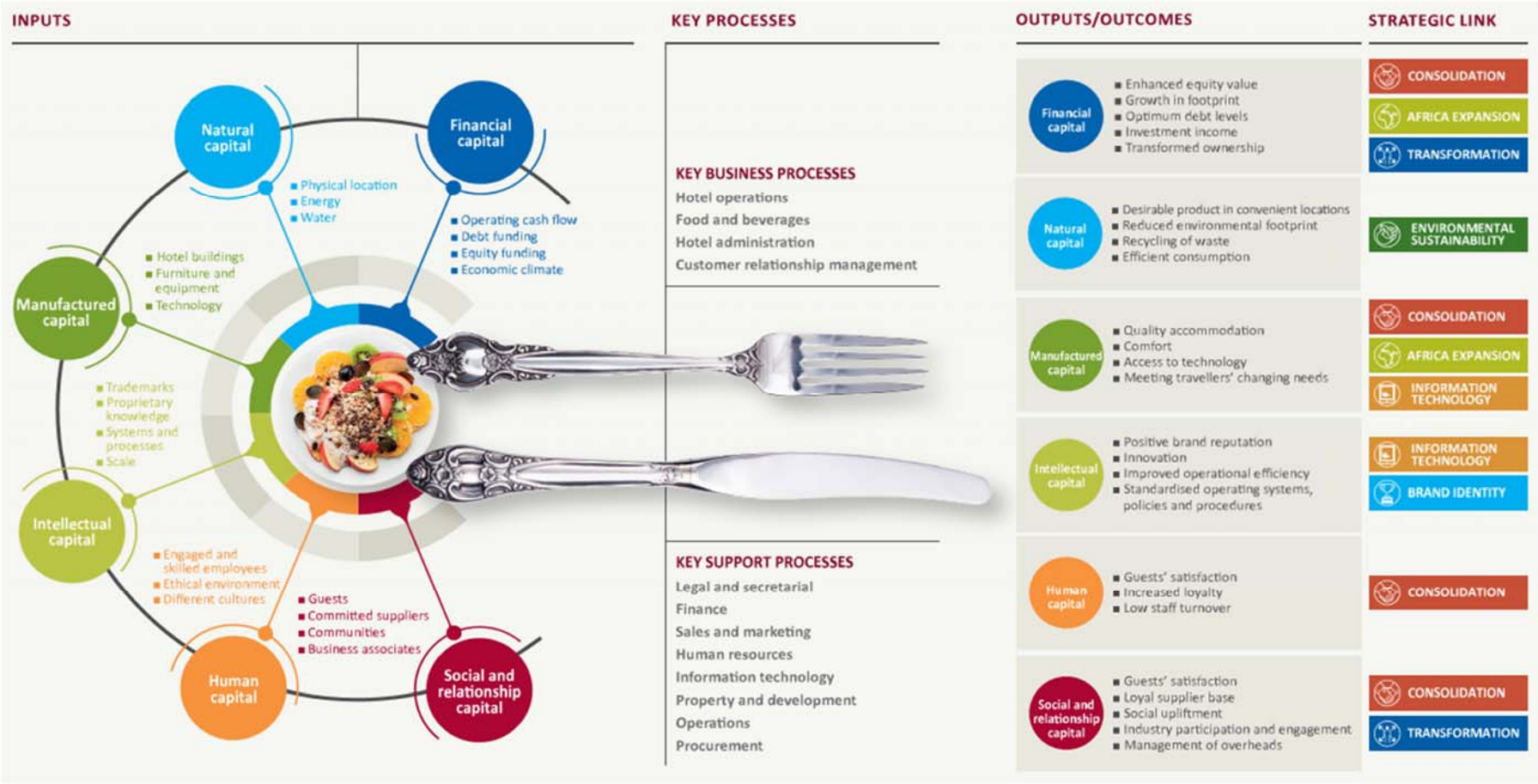
ANNEXURE E: CLHG ORGANOGRAM

Figure 29: CLHG Organogram



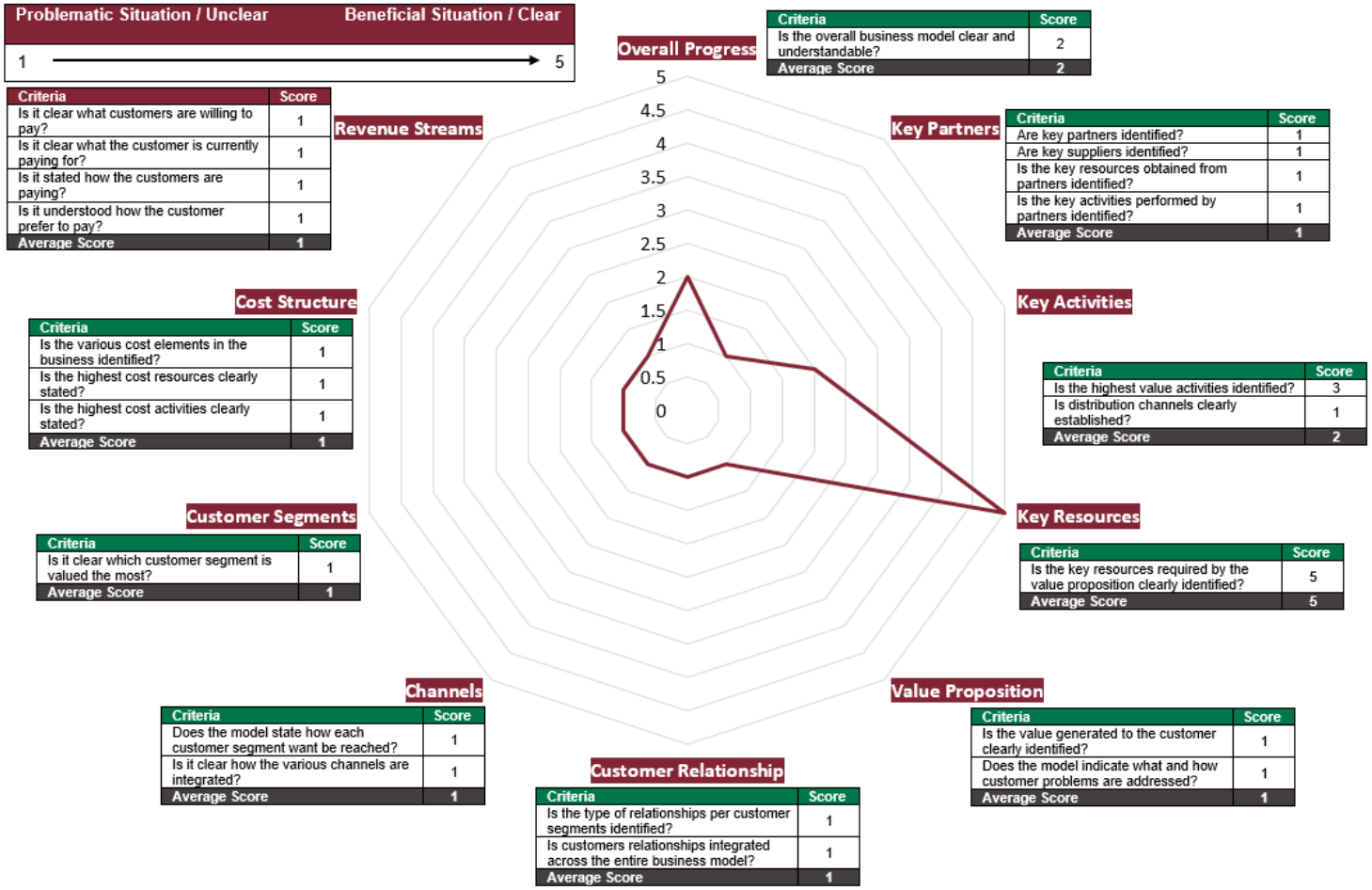
ANNEXURE F: CURRENT BUSINESS MODEL

Figure 30: Current Business Model (Dooley, 2017)



ANNEXURE G: CURRENT BUSINESS MODEL ASSESSMENT

Figure 31: Current Business Model Assessment



ANNEXURE H: INTEGRATED SWOT ANALYSIS

Internal Factors

Unique Identifier	Resource Strength	Rating
S1	Strong portfolio of hotel brands	7
S2	Strong position in budget hotels	8
S3	Dominant position in business travel	8
S4	Good domestic brand recognition	7
S5	Quality product offering	6
S6	Strategically located hotels	7
S7	Strong financial position	8
S8	Environmentally friendly	6
S9	Lean operation capabilities	7
S10	Experienced organisation	6
S11	Owning its properties	8

Unique Identifier	Resource Weakness	Rating
W1	Highly concentrated in South Africa	7
W2	Marketing presence low	8
W3	Slow technology adaptability	7
W4	Services and offering are easy to replicate	6
W5	International awareness of brand weak	6
W6	Customer loyalty low	6
W7	Occupancy rate falling in recent years	7
W8	Lack of customer data analysis	6

External Factors

Unique Identifier	Industry Opportunity	Rating
O1	International expansion	8
O2	Capitalise on mobile app technology	7
O3	Differentiate the CLHG experience	7
O4	Improving corporate social responsibility	6
O5	Marketing opportunities	8
O6	Joint venture or acquisition with smaller competitors	6
O7	Ample financial resources to grow the business	7
O8	Opening to win market share from rivals	6
O9	Sharply rising buyer demand	7
O10	Demand in new geographic markets	6
O11	A broader range of customer needs than current	6
O12	Increase numbers of internet savvy customers	6
O13	Stronger positive image of the organisation in the market	7

Unique Identifier	Industry Threat	Rating
T1	Water shortage	6
T2	Economic fluctuations	8
T3	Threat of low price competitors	7
T4	New entrants of large international hotel groups	7
T5	Emerging new technologies	8
T6	VISA regulations decrease foreign traveling	6
T7	Shift in buyers needs and tastes	7
T8	Barriers to enter other international markets	6
T9	Credit rating downgrade	8

ANNEXURE I: INTERNAL FACTOR EVALUATION MATRIX

Strengths	Weight	CITY LODGE HOTEL GROUP		PROTEA HOTELS. MARRIOTT		TSOGO SUN		Sun International		airbnb	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Portfolio of hotel brands	0.08	4	0.32	3	0.24	4	0.32	1	0.08	1	0.08
Position in budget lodging	0.12	4	0.48	2	0.24	4	0.48	1	0.12	4	0.48
Dominance in business travel	0.06	4	0.24	4	0.24	4	0.24	1	0.06	2	0.12
Diversity in service offering	0.05	3	0.15	4	0.20	4	0.20	3	0.15	1	0.05
Regional brand recognition	0.10	4	0.40	3	0.30	4	0.40	3	0.30	3	0.30
South African brand recognition	0.04	4	0.16	4	0.16	2	0.08	2	0.08	4	0.16
Quality product offering	0.10	4	0.40	4	0.40	4	0.40	4	0.40	2	0.20
Strategically located hotels	0.10	4	0.40	4	0.40	4	0.40	2	0.20	4	0.40
Financial position	0.20	4	0.80	4	0.80	3	0.60	3	0.60	2	0.40
Environmentally friendly	0.05	4	0.20	4	0.20	3	0.15	3	0.15	1	0.05
Lean operation capabilities	0.05	4	0.20	2	0.10	3	0.15	2	0.10	4	0.20
Experienced organisation	0.05	3	0.15	3	0.15	3	0.15	4	0.20	2	0.10
Total A	**1.00**	**3.90**		**3.35**		**3.57**		**2.44**		**2.54**	

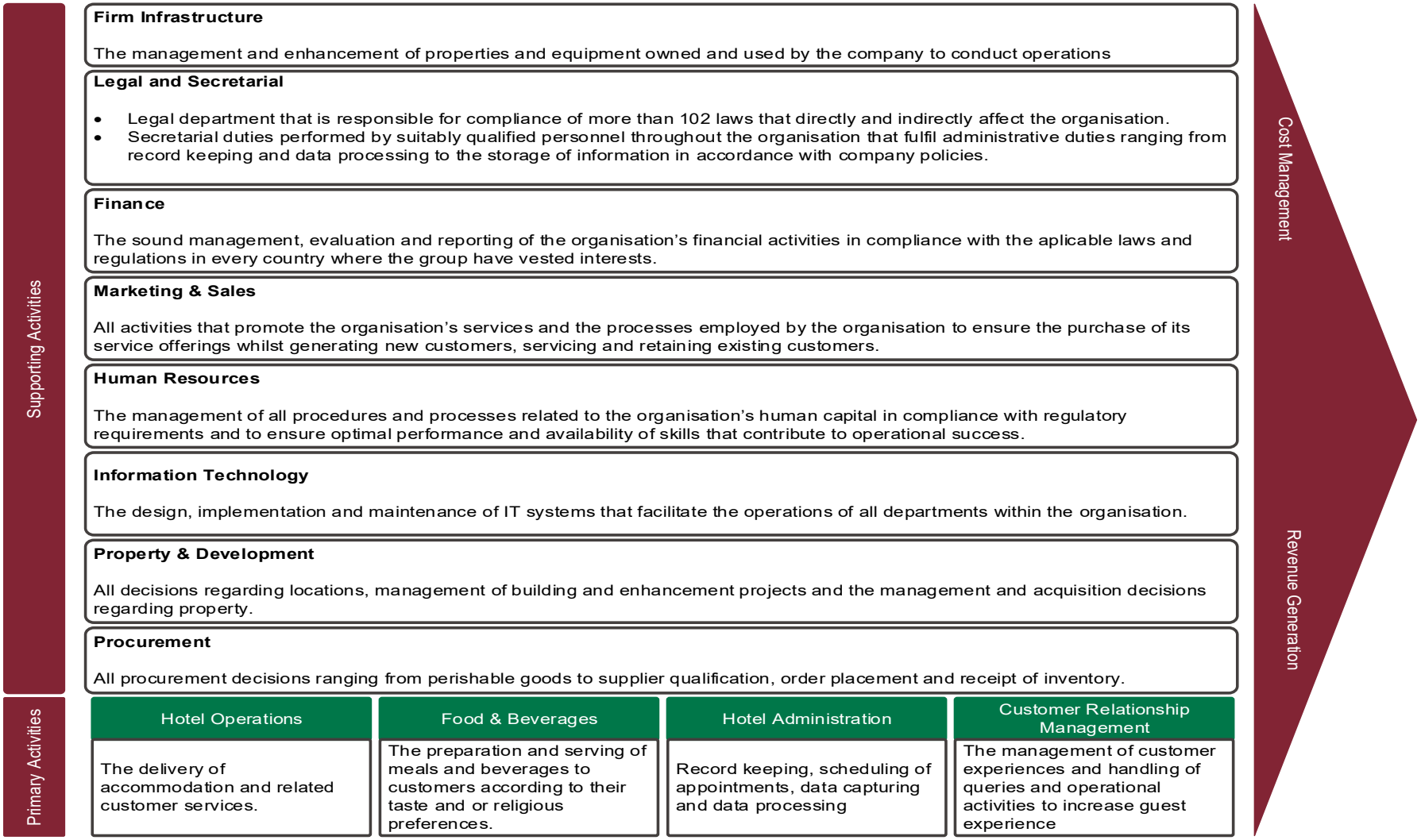
Weaknesses	Weight	CITY LODGE HOTEL GROUP		PROTEA HOTELS. MARRIOTT		TSOGO SUN		Sun International		airbnb	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Highly concentrated in South Africa	0.10	1	0.10	2	0.20	1	0.10	1	0.10	3	0.30
Marketing presence low	0.15	1	0.15	2	0.30	2	0.30	2	0.30	2	0.30
Slow technology adaptability	0.15	1	0.30	2	0.30	2	0.30	2	0.30	3	0.45
Services and offering are easy to replicate	0.05	2	0.10	2	0.10	2	0.10	2	0.10	3	0.15
International awareness of brand weak	0.05	1	0.05	2	0.10	2	0.10	1	0.10	3	0.15
Customer loyalty	0.08	2	0.16	2	0.16	2	0.16	2	0.16	2	0.18
Occupancy rate falling in recent years	0.12	2	0.24	2	0.24	2	0.24	2	0.24	3	0.36
Lack of customer data analysis	0.10	2	0.20	2	0.20	2	0.20	2	0.20	3	0.30
Hotel brand seems unattractive and boring	0.15	2	0.30	2	0.30	2	0.30	2	0.30	2	0.30
Total B	**1.00**	**1.70**		**2.00**		**1.90**		**1.90**		**2.54**	
Total Weighted Score (A+B) / 2		**2.80**		**2.68**		**2.74**		**2.17**		**2.54**	

ANNEXURE J: EXTERNAL FACTOR EVALUATION MATRIX

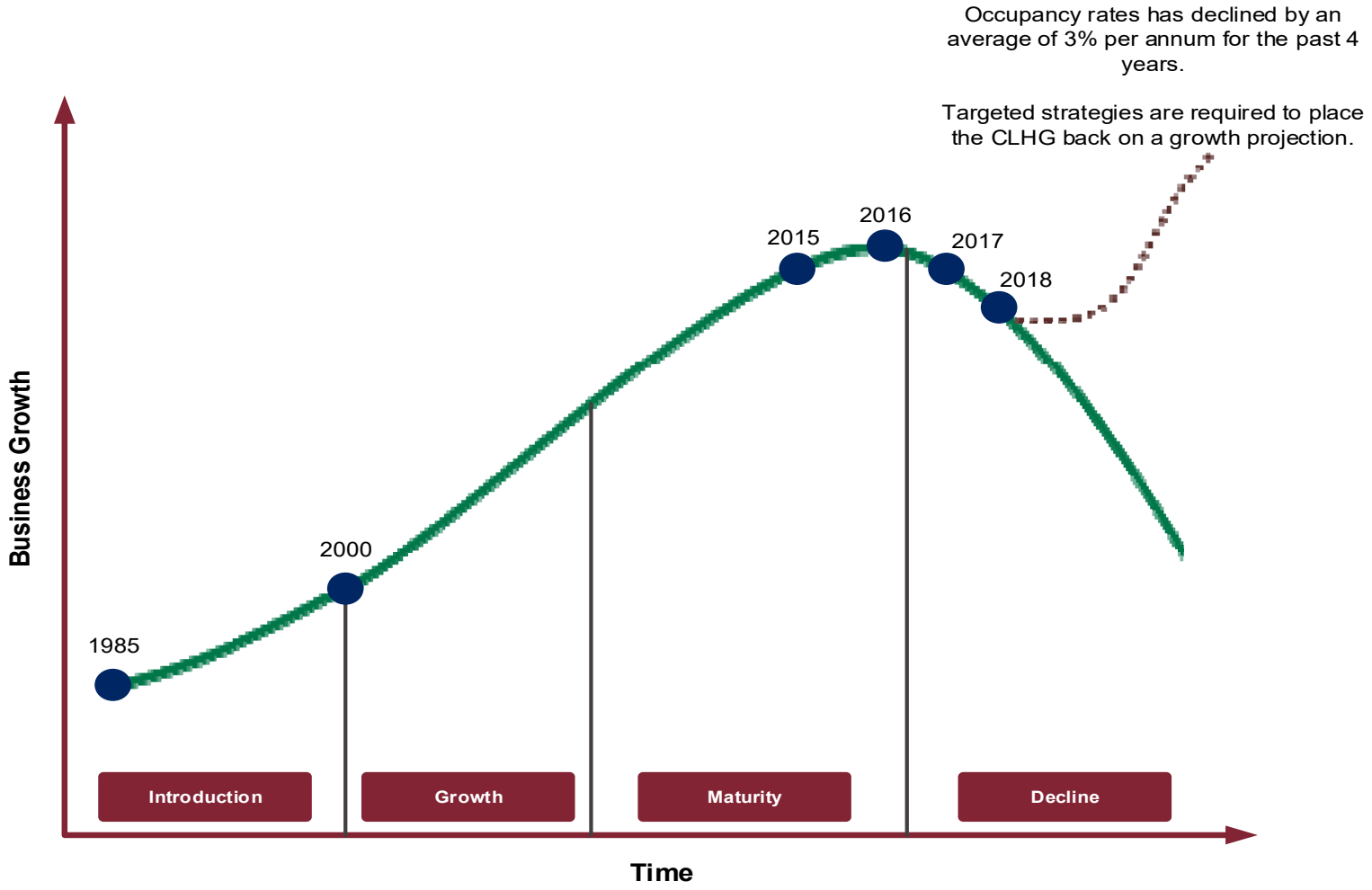
Opportunities	Weight	CITY LODGE HOTEL GROUP		PROTEA HOTELS. MARRIOTT		TSOGO SUN		Sun International		airbnb	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
International expansion	0.15	4	0.60	4	0.60	4	0.60	4	0.60	2	0.30
Capitalise on mobile app technology	0.10	4	0.40	4	0.40	4	0.40	4	0.40	4	0.40
Differentiate the hotel experience	0.10	4	0.40	3	0.30	3	0.30	3	0.20	2	0.20
Improving corporate social responsibility	0.05	4	0.20	4	0.20	4	0.20	3	0.15	2	0.10
Marketing opportunities	0.10	4	0.40	3	0.30	3	0.30	3	0.30	4	0.40
Joint venture or acquisition	0.10	3	0.30	3	0.30	3	0.30	3	0.30	2	0.20
Financial resources to grow the business	0.05	4	0.20	4	0.20	3	0.15	3	0.15	4	0.20
Opening to win market share from rivals	0.10	4	0.40	3	0.30	4	0.40	3	0.30	4	0.40
Sharply rising buyer demand	0.05	4	0.20	4	0.20	4	0.20	4	0.20	4	0.20
Demand in new geographic markets	0.05	4	0.20	4	0.20	4	0.20	4	0.20	4	0.20
Range of customer needs	0.05	4	0.20	3	0.15	3	0.15	4	0.20	4	0.20
Increase numbers of millennial customers	0.05	4	0.20	3	0.15	4	0.20	3	0.15	4	0.20
Positive image in the market	0.05	3	0.15	3	0.15	3	0.15	3	0.15	3	0.15
Total C	**1.00**	**3.65**		**3.45**		**3.55**		**3.40**		**3.15**	

Threats	Weight	CITY LODGE HOTEL GROUP		PROTEA HOTELS. MARRIOTT		TSOGO SUN		Sun International		airbnb	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Water shortage	0.10	1	0.10	1	0.10	1	0.10	1	0.10	1	0.10
Economic fluctuations	0.15	1	0.15	1	0.15	1	0.15	1	0.15	1	0.15
Threat of low price competitors	0.10	2	0.20	2	0.20	2	0.20	1	0.10	1	0.10
New entrants	0.10	1	0.10	1	0.10	1	0.10	1	0.10	1	0.10
Emerging new technologies	0.15	2	0.30	2	0.30	2	0.30	2	0.30	1	0.15
VISA regulations	0.05	2	0.10	2	0.10	1	0.10	2	0.10	2	0.10
Shift in buyers needs and tastes	0.10	2	0.20	2	0.20	2	0.20	1	0.10	1	0.10
Barriers to enter other international markets	0.15	1	0.15	2	0.30	2	0.30	2	0.30	3	0.45
Credit rating downgrade	0.10	1	0.10	1	0.10	1	0.10	2	0.20	3	0.30
Total D	**1.00**	**1.40**		**1.55**		**1.55**		**1.45**		**1.55**	
Total Weighted Score (C+D) / 2		**2.53**		**2.50**		**2.55**		**2.43**		**2.34**	

ANNEXURE K: INTERNAL VALUE CHAIN ANALYSIS



ANNEXURE L: ORGANISATIONAL LIFE CYCLE ANALYSIS

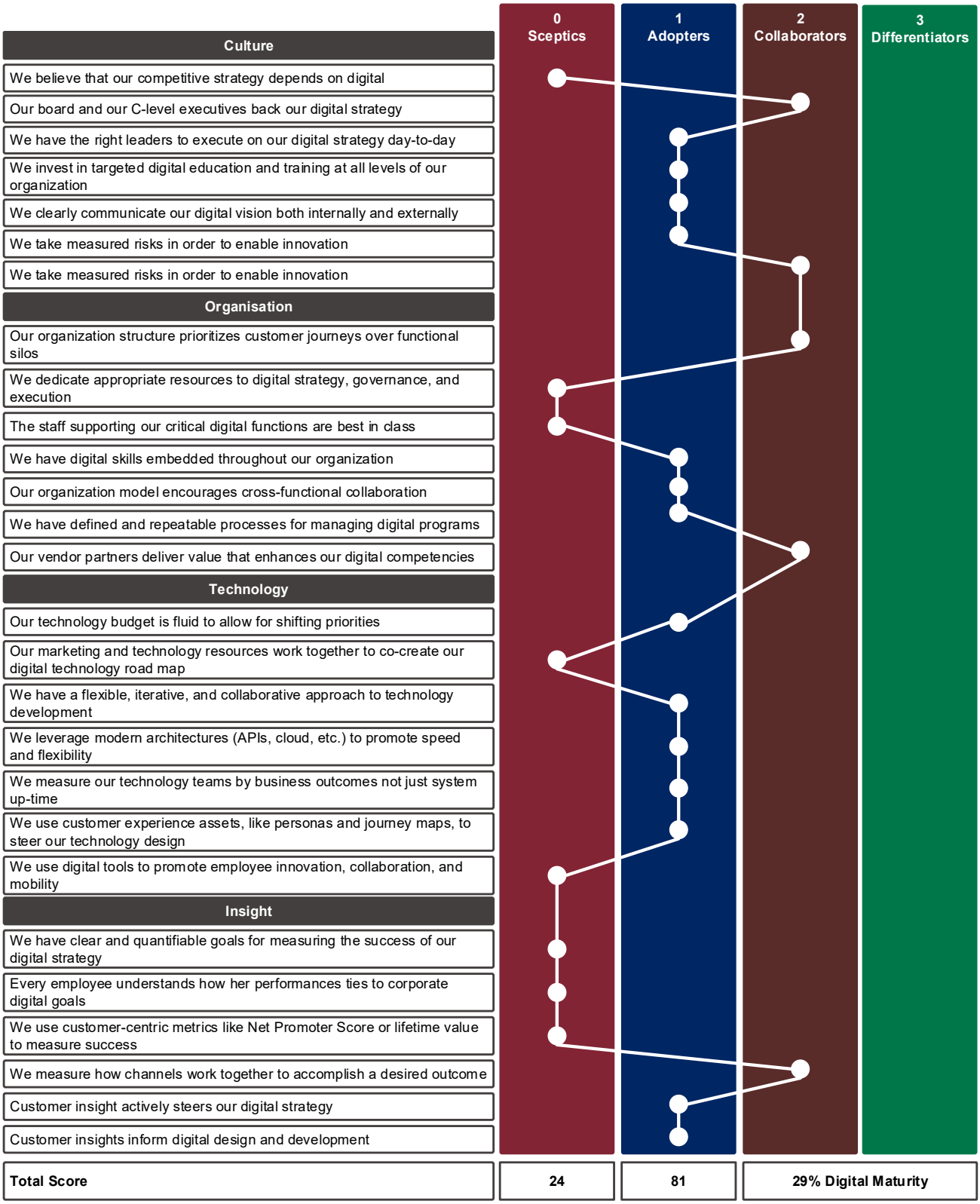


ANNEXURE M: COMPETITIVE PROFILE MATRIX

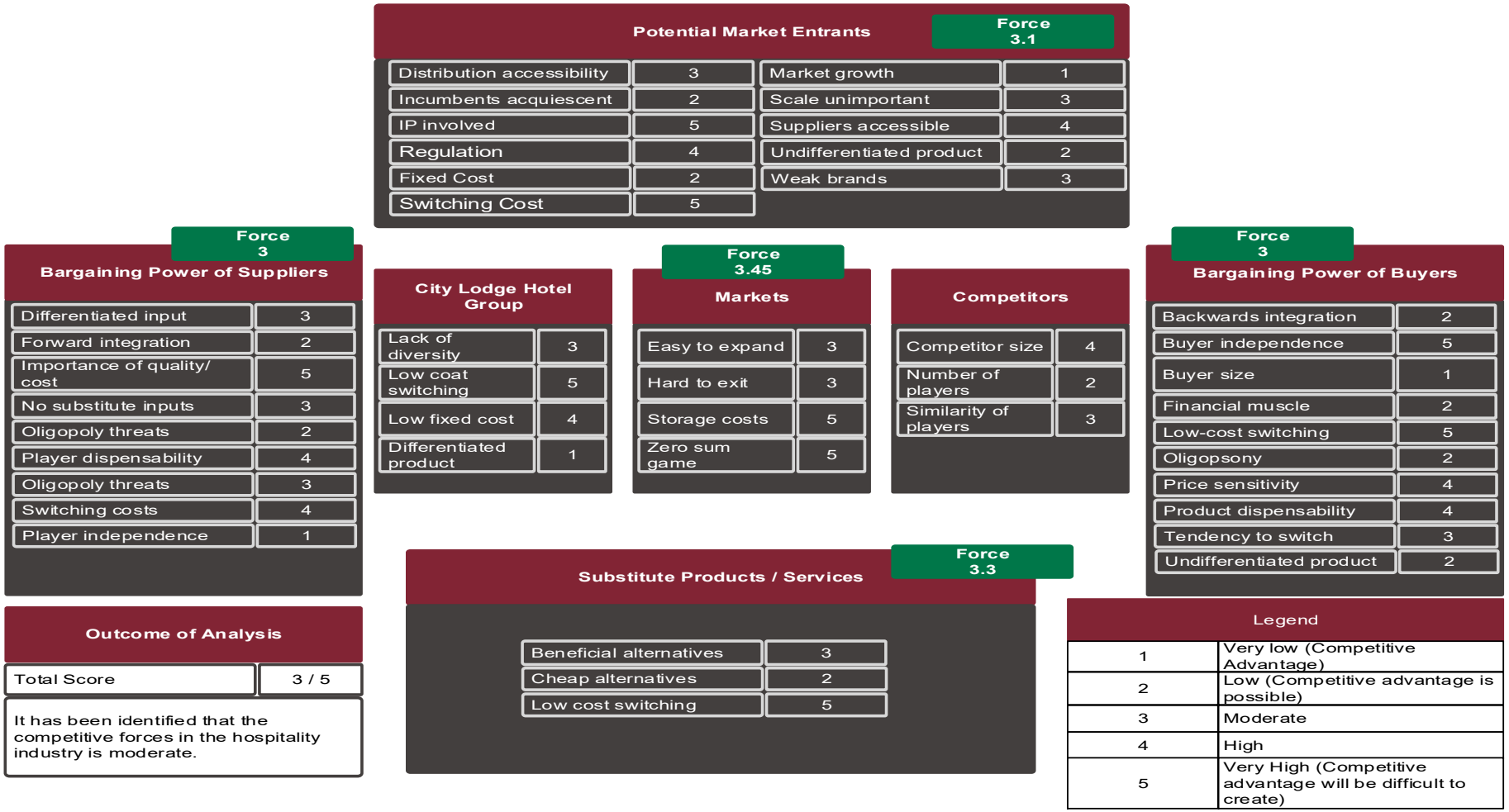
Critical Success Factors	Weight	CITY LODGE HOTEL GROUP		PROTEA HOTELS. MARRIOTT		TSOGO SUN		Sun International		airbnb	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Advertising	0.15	3	0.45	3	0.45	4	0.60	3	0.45	2	0.30
Product Quality	0.17	4	0.68	4	0.68	5	0.85	3	0.51	1	0.17
Price Competitiveness	0.15	3	0.45	4	0.60	4	0.56	4	0.60	4	0.60
Management	0.10	4	0.40	4	0.40	3	0.30	4	0.40	2	0.20
Financial Position	0.10	4	0.40	4	0.40	3	0.30	3	0.30	1	0.10
Customer Loyalty	0.15	3	0.45	2	0.45	2	0.30	2	0.30	2	0.30
Global Expansion	0.08	2	0.16	3	0.24	2	0.16	4	0.32	5	0.40
Market Share	0.10	3	0.30	3	0.30	4	0.40	3	0.30	2	0.20
Total	**1.00**	**3.29**		**3.52**		**3.47**		**3.18**		**2.27**	

ANNEXURE N: DIGITAL MATURITY SCORECARD

Table 17: Digital Maturity Scorecard

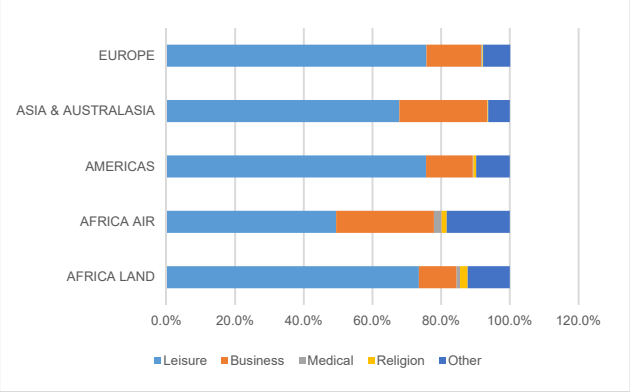


ANNEXURE O: PORTER'S FIVE FORCES

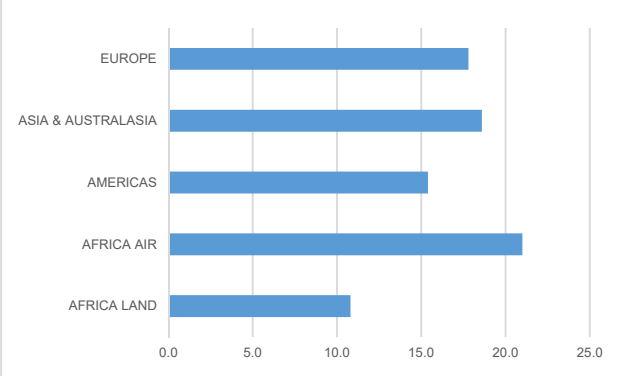


ANNEXURE P: CUSTOMER ANALYSIS

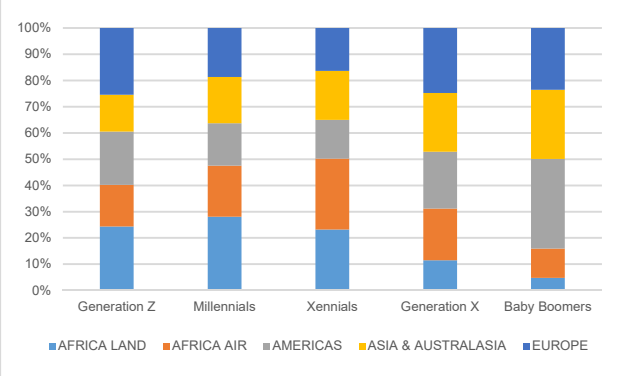
Purpose of Visit



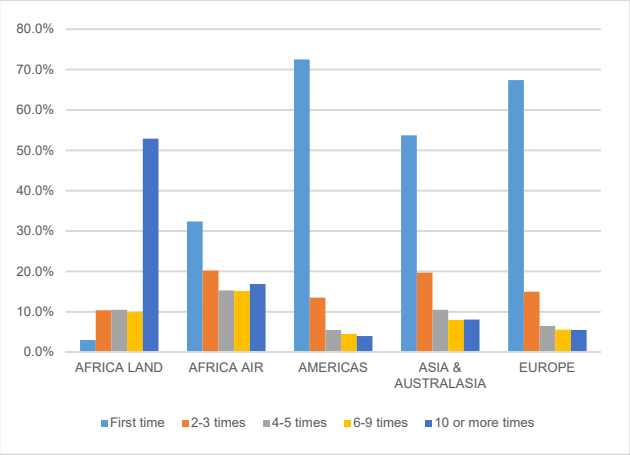
Length of Stay



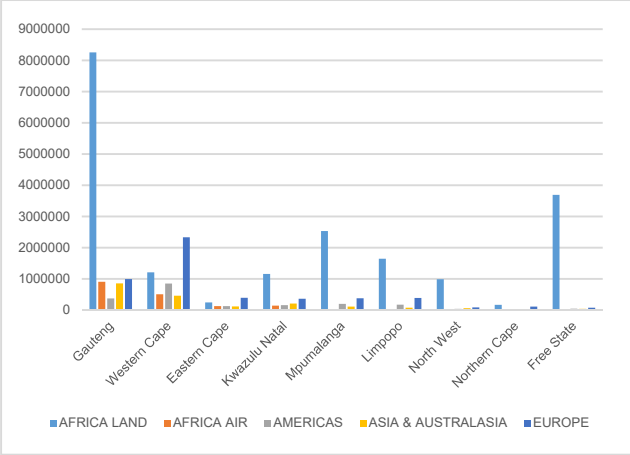
Age Profile



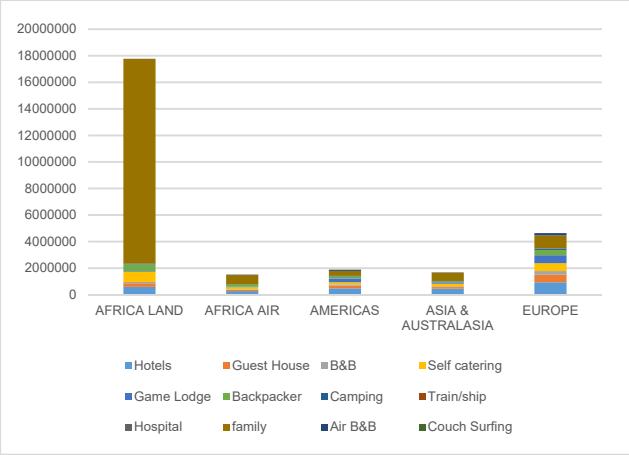
Repeater Rate



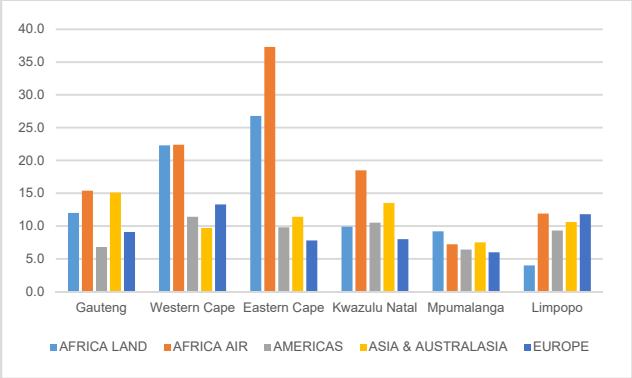
Bed Nights per province



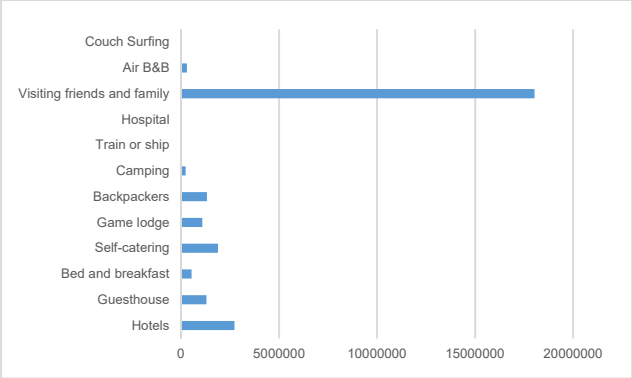
Accommodation Usage: All Foreign Visitors



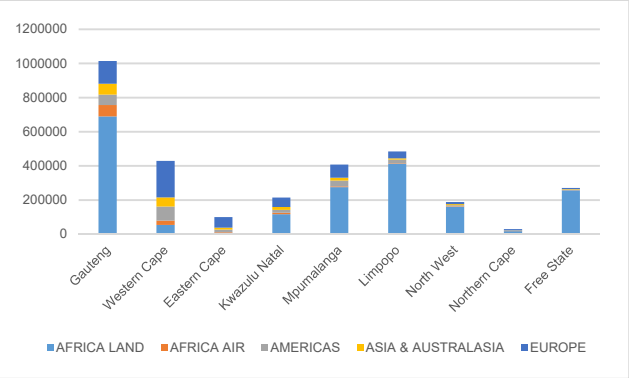
Provincial Distribution- Average Length of Stay



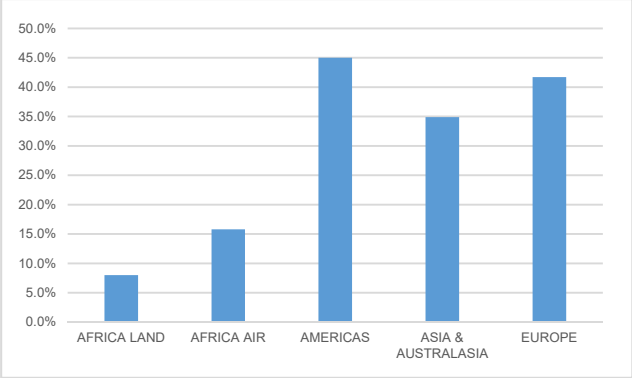
Accommodation Usage: Overall



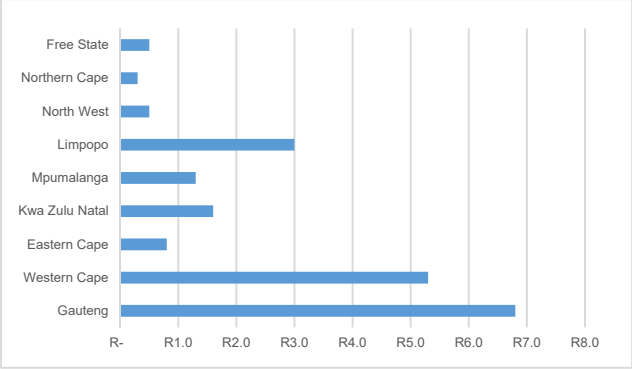
Provincial Distribution: Share of Arrivals



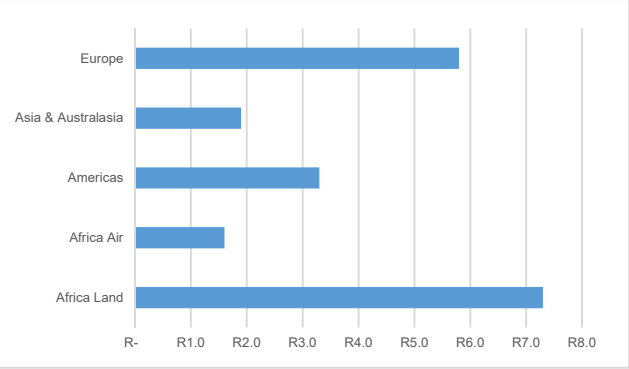
Provincial Spread: Proportion of tourists who visit more than one province



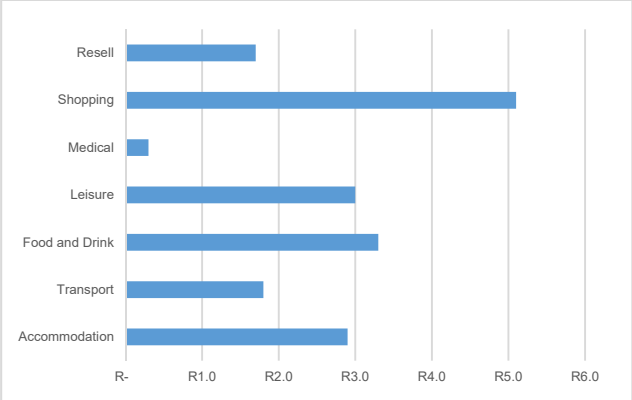
Quarterly Spend: Province (R'Billion)



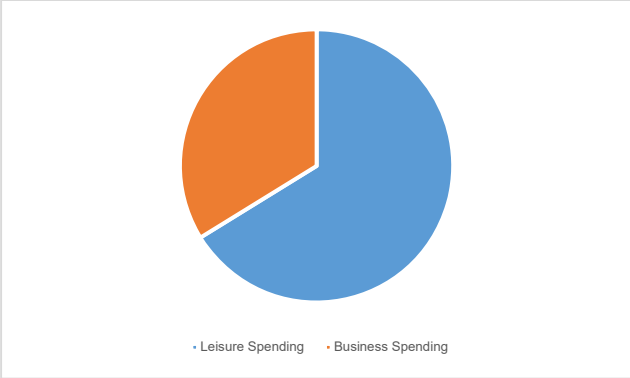
Quarterly Spend: Region (R'Billion)



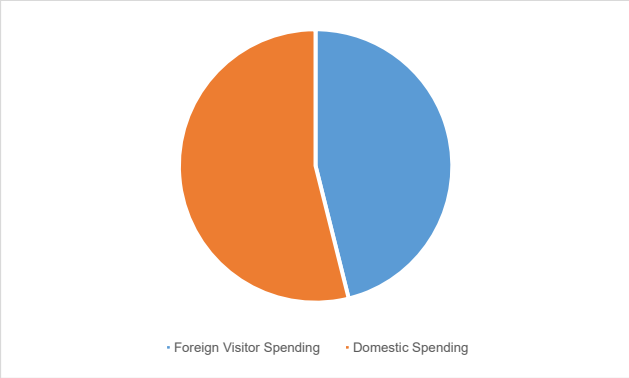
Quarterly Spend: Tourism Segment (R'Billion)



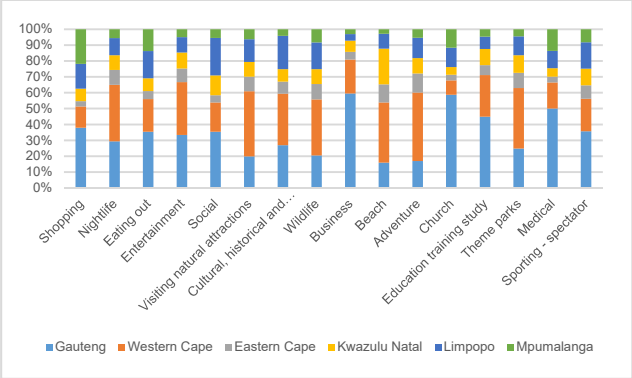
Leisure vs Business Spending



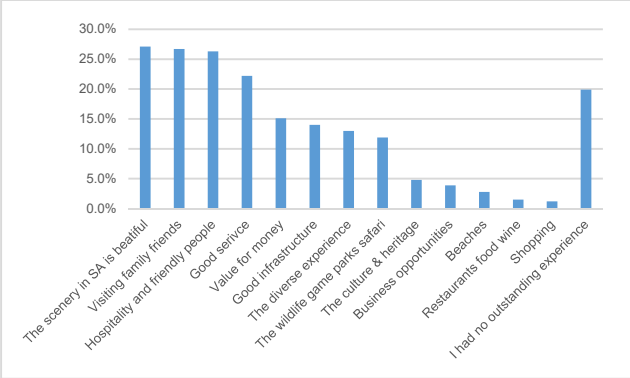
Foreign vs Domestic Spending



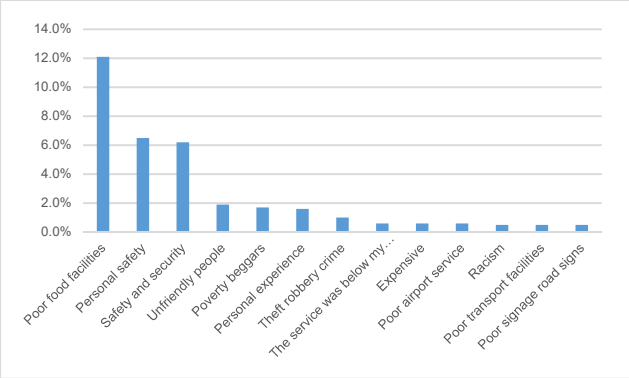
Activities Undertaken in South Africa

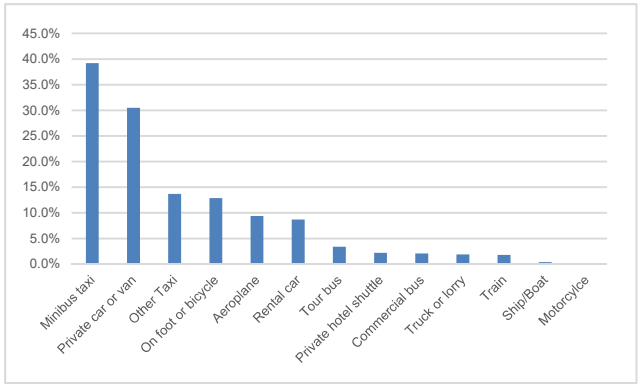


Top positive experiences while in South Africa



Top negative experiences while in South Africa



Mode of Transport	Main Activities
	

Source: (Tourism, 2017)

ANNEXURE Q: AGILITY ANALYSES

Table 18: Agile Maturity Matrix

AREA	Current Level (0-4)	Target Level	0 Impeded	1 In Transition	2 Sustainable	3 Agile	4 Ideal
Organizational structure	0	3	Function and project based	There is understanding that structuring the organization around products, teams, and delivery is better. Some changes have already been made and more are underway.	There is consistent effort applied to moving to a product, team, and delivery based organization	50%+ of the organizational changes required to move to a product, team, and delivery based organization have been made and the rest is actively in progress.	Product, team, and delivery based
Funding	0	3	Big ticket, whole project. Full requirements document with corresponding estimates required prior to funding. Bake-off between projects to determine which	Some portions of previous state only partially required. For instance, project is broken up into multiple releases and changes to requirements are encouraged or only 50% of requirements	Projects are funded on a quarterly basis, only a quarter's worth of scope is needed at a time, and significant criteria for success is the amount of shippable product produced	Projects are funded on a quarterly basis or less. Only a short business justification is necessary to start a project. Good controls are in place to monitor effective ROI.	Funding is managed at the product portfolio level via MVIs. The amount of funding determines the # of teams dedicated to a product. The work performed by those teams is entirely

			projects get funded. Project success dependent on fully implementing all requirements.	need to be fully estimated			managed via product backlogs. Success is entirely determined by the amount of shippable product produced
Projects in Progress	1	2	Unknown, or 1) all projects that are approved are immediately considered started, 2) there is no process in place to determine project priority, 3) they do not align with strategic/business goal, and/or 4) no clear understanding on how many can be in progress at a time.	An intake process has been established to determine project alignment with goals, priority and an upper limit on how many can be in progress at a time.	The established intake process is being used to determine project alignment with goals project priority and an upper limit on how many can be in progress at a time. Tracking tool in place.	Tracking tool being utilized regularly to determine status of projects in progress and acceptance of newly introduced projects with stakholder alignment.	Agency is tracking and reporting on all projects in progress and ensuring alignment with goals and funding. Project in progress are incrementally delivering, reviewing and priortizing work efforts and re-allocation of resources, if needed.
Metrics	0	3	Function based	Delivery based metrics are being tried, planned, or discussed	50%+ of metrics are delivery based. Some of the overlapping	50%+ of metrics are delivery based and none of the overlapping	Metrics are primarily delivery based

					metrics are still being tracked and used	metrics are being tracked or used	
Compensation	2	3	Individual based. Taking time away from typical goals to support Agile adoption is discouraged.	People are encouraged to invest effort into Agile adoption and the investment does not negatively effect compensation.	A meaningful portion of any goal or bonus structure is team or delivery based.	Performance based compensation is mostly delivery based.	Team & delivery based
Impediments	1	3	Rarely raised out of ambivalence, belief that they will be ignored or other reasons	Sometimes raised and sometimes addressed	Usually raised and often addressed	Actively pursued and aggressively addressed	Strong culture that encourages the finding, raising, and rapid addressing of impediments
Tools and technology	1	3	Traditional tools configured for traditional development	Organization is starting to look at switching to more appropriate tools where needed and/or reconfiguring existing tools to work in an Agile environment	Tools are not seen as an impediment	New projects are using Agile-appropriate tools	Using Agile-oriented tools configured for Agile work where appropriate

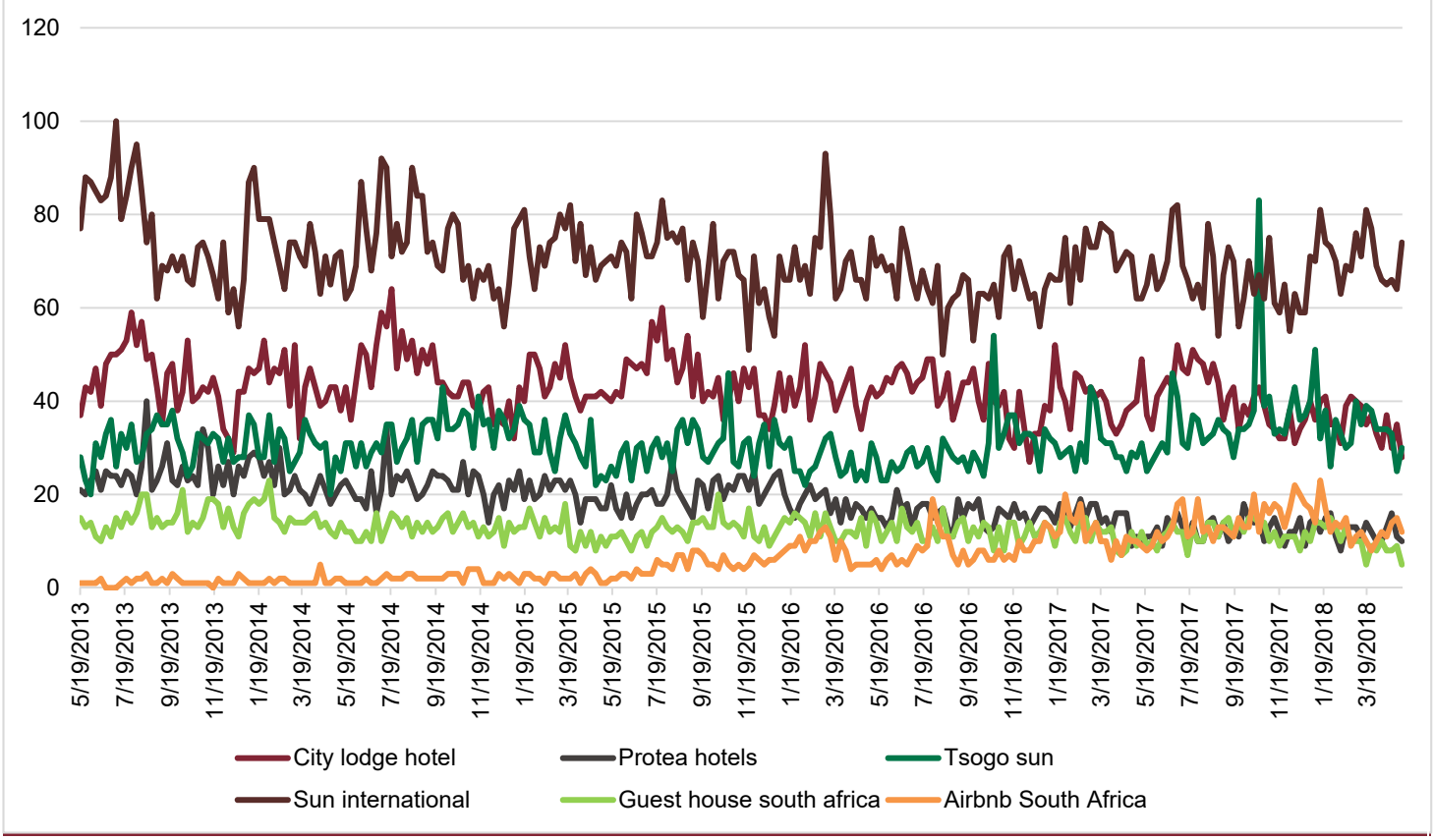
Agile Adoption Tracking	0	3	Not implemented	Adoption metrics have been chosen and an initial assessment has been done	Adoption goals have been set, progress is tracked and frequently influences the behavior of the organization	Progress information usually influences the behavior of the organization	Individuals regularly and proactively work to achieve the goals
Agile Adoption Guiding Coalition	0	4	Agile adoption is entirely grass roots.	The organization has made progress towards some of the items listed in levels 2-4.	There is a cross-functional team officially appointed to lead the Agile Adoption.	The Agile adoption is being run as an Agile project (Scrum or Kanban)	Also meets the criteria spelled out in the Kotter Change Model
Management of Agile teams	0	4	Function based. Managers or team leads make all or most of the decisions that a mature Agile team would usually make on their own	Self organization is being discussed and encouraged.	50%+ of teams are operating at at least stage 2 of self-organization, most teams are being encouraged to get to stage 2	70%+ of all teams are operating at stage 2 of self organization, 50%+ of all teams are operating at stage 3 of self organization, all teams are being encouraged to get to stage 3	Delivery based with self-organized teams
Business/Development relationship	1	4	Handoff based	Desire to move to Agile	Working through product owners	Product owners are fully available to teams, empowered, and well trained in their role	Daily active interaction

Executive support	2	4	Unaware of Agile effort and/or unsupportive	Supportive	Supportive and trained	Actively involved in removing obstacles. Actively involved in improving organizational agility. Dedicating appropriate budget.	Doing own work in an Agile fashion
Middle Management support	2	4	Unaware of Agile effort and/or unsupportive	Supportive	Supportive and trained	Actively involved in removing obstacles. Actively involved in improving organizational agility. Dedicating appropriate budget.	Doing own work in an Agile fashion
Team member management support	0	3	Unaware of Agile effort and/or unsupportive	Supportive	Supportive and trained	Actively involved in removing obstacles. Actively involved in improving organizational agility. Dedicating appropriate budget.	Doing own work in an Agile fashion

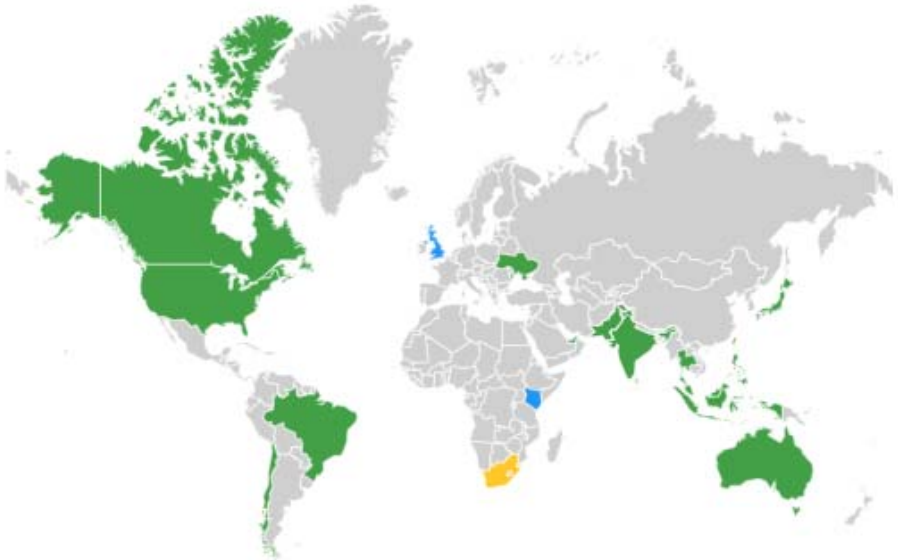
Multi-team synchronization	0	3	Interdependent teams synchronize in an ad-hoc manner or done primarily through up-front planning and setting iteration content towards a planned integration phase	Interdependent teams synchronize with other teams using at least one of the methods in level 4	Interdependent teams use as least 2 of the methods from level 4 and integrates their work as a whole product at least every 4 weeks	Interdependent teams use at least 3 of the methods in level 4 or equivalent, and there is little or no pre-planning of iteration content towards a planned integration phase (integration is continuous)	Interdependent teams synchronize with other teams by having common iteration start/stop dates (or use Kanban), standup-of-standups (or similar), retro-of-retros (or similar), and participates in a whole-product review on a frequent basis.

ANNEXURE R: ONLINE TREND ANALYSIS

Worldwide Search Interest (Rolling 5 Years)



Interest By Region (Rolling 5 Years)



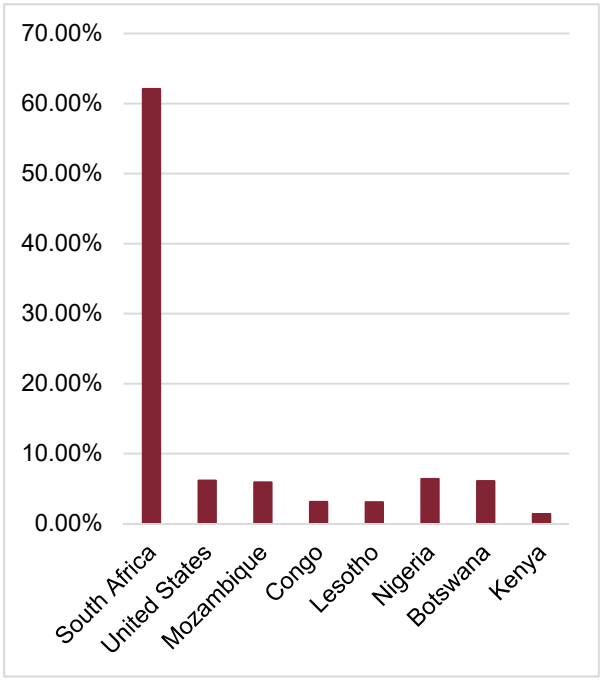
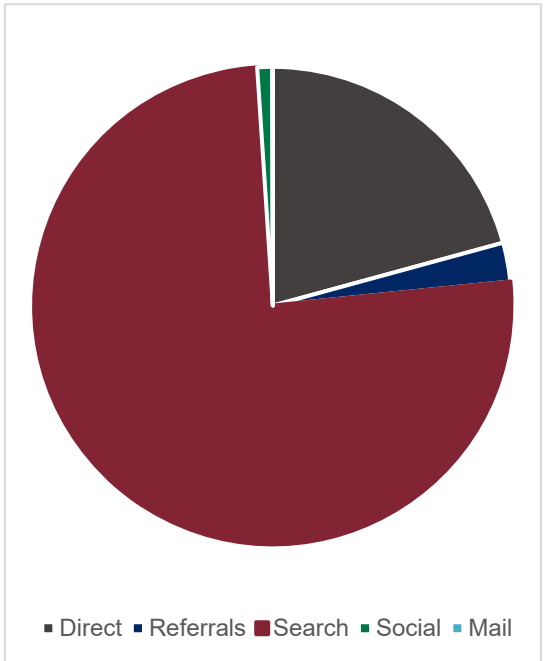
City Lodge Hotel Group: Interest by region (Rolling 5 Years)	Protea Hotels: Interest by region (Rolling 5 Years)
Tsogo Sun: Interest by region (Rolling 5 Years)	**Sun International: Interest by region (Rolling 5 Years)**
AirBnB South Africa: Interest by region (Rolling 5 Years)	**Guest House South Africa: Interest by region (Rolling 5 Years)**

ANNEXURE S: WEBSITE AND SOCIAL MEDIA ANALYSIS

Website Grading		
Category	**Rating**	**Analysis**
Headings	4.9	Some headings have been found to be empty or invalid. This causes search engines not to link key words, which make the website less accessible to customers.
Internal Links	5.7	A total of 145 links have been found that does not point to a specific destination.
Popularity	7.4	The website is 292 340 most popular in the world. There has been no measurable change in this ranking in past year, indicating stagnating results. The website accounts for 96.5% of all internet traffic to the domain.
Freshness	7.6	The website was last update on Wednesday 7 February 2018. Up to date websites are considered more credible by visitors.
Social Interest	8.0	The website attracted 11 200 Facebook likes and 0 Google +1s.
Server Behaviour	8.4	The website returns page content without trailing slash on URLs. This result in search engines to view these as separate pages not linked to the domain.
Amount of Content	9.8	The website has an average of 1 356 words per page that is consistent with overall benchmarking standards.

Twitter	9.9	The Twitter account linked to the website has 8 713 followers and the Twitter account has made 17 244 tweets to its followers.
Facebook	10	The Facebook account has attracted 174 855 likes and have 6 114 accounts talking about the brand.
Domain Age	10	The domain was registered on 15 July 2002 and expire on 15 July 2020.
URL Format	10	The website domain is properly constructed to enhance searchability and marketability.
Printability	10	All pages to the website has been found to be optimised for printing.
Meta Tags	10	All pages to the website have been found to contain meta descriptions to ensure integration with search engines.
Images	10	Images have been found to have clearly defined sizing attributes.
Incoming Links	10	There is 20 039 pages linking into the website on 1 011 domains.
Page Titles	10	All pages have been found to contain defined titles.
Analytics	10	All pages are linked to analytics that track visitor behaviour.
Mobile	10	All webpages are optimised for mobile and tablet viewing.
Overall	**8.9**	

Website Analytics		
Global Rank	**Country Rank**	**Category Rank**
458 165	5 775	2 253
Average Daily Visitors	**Average Monthly Visitors**	**Average Annual Visitors**
1 172	35 160	427 780
Average Visit Duration	**Pages per Visit**	**Bounce Rate**
00:03:22	2.98	54.19%

Traffic Per Country	Traffic Sources
	

Top Referrals	Top Social Media Sources	Audience Interests
www.multiply.co.za (31.58%) www.orssa.org.za (31.58%) www.bid2stay.co.za (21.05%) www.alphashoppers.com (5.26%) www.aisj-jhb.com (5.26%)	Twitter (42.47%) Linkedin (22.39%) Youtube (17.57% Facebook (17.57%)	Travel > Tourism Travel > Accomodation and Hotels Internet and Telecom > Social Networks News and MEdia

ANNEXURE T: INDUSTRY TREND ANALYSIS

Trend	Description	Trend Type	Region	Time Horizon	Likelihood	Impact
Smart City	Cape Town will be established as a SMART city [1].	Mega	Global	2025	Likely	Moderate
Robotics	Robots will become increasingly important for the execution of business tasks (i.e. Nannies, Cleaning & Waiting) [2].	Mega	Global	2020	Likely	Moderate
Population	Africa will have the youngest population in the world by, ranging between 15 and 24 years [3].	Mega	Africa	2025	Likely	Low
Population	The middle class is growing faster than anywhere in the world [4].	Mega	South Africa	2018	Possible	Moderate
Infrastructure	There will be more than 12 megacities in Africa [5].	Mega	Africa	2025	Possible	High
Growth	GDP in Africa will grow to R4.5 trillion[6].	Mega	Africa	2025	Possible	High

Technology	Chatbots are becoming increasingly popular with travellers to quickly and accurately answer consumer type questions[7].	Industry	Global	2019	Certain	High
Technology	Virtual reality is becoming increasingly popular by business travellers to conduct remote meetings[8].	Industry	Global	2019	Likely	High
Environment	There will be a global shift towards low-carbon and resource-efficiency that is driven by the global traveller[9].	Mega	Global	2030	Likely	High
Technology	Corporate travel will be disrupted by block chain technology. Companies are increasingly focused on consistent interfaces with their travel partners[10].	Mega	Global	2020	Likely	High
Growth	G20 countries will be the fastest growing of all travel destinations [11].	Mega	South Africa	2026	Likely	High

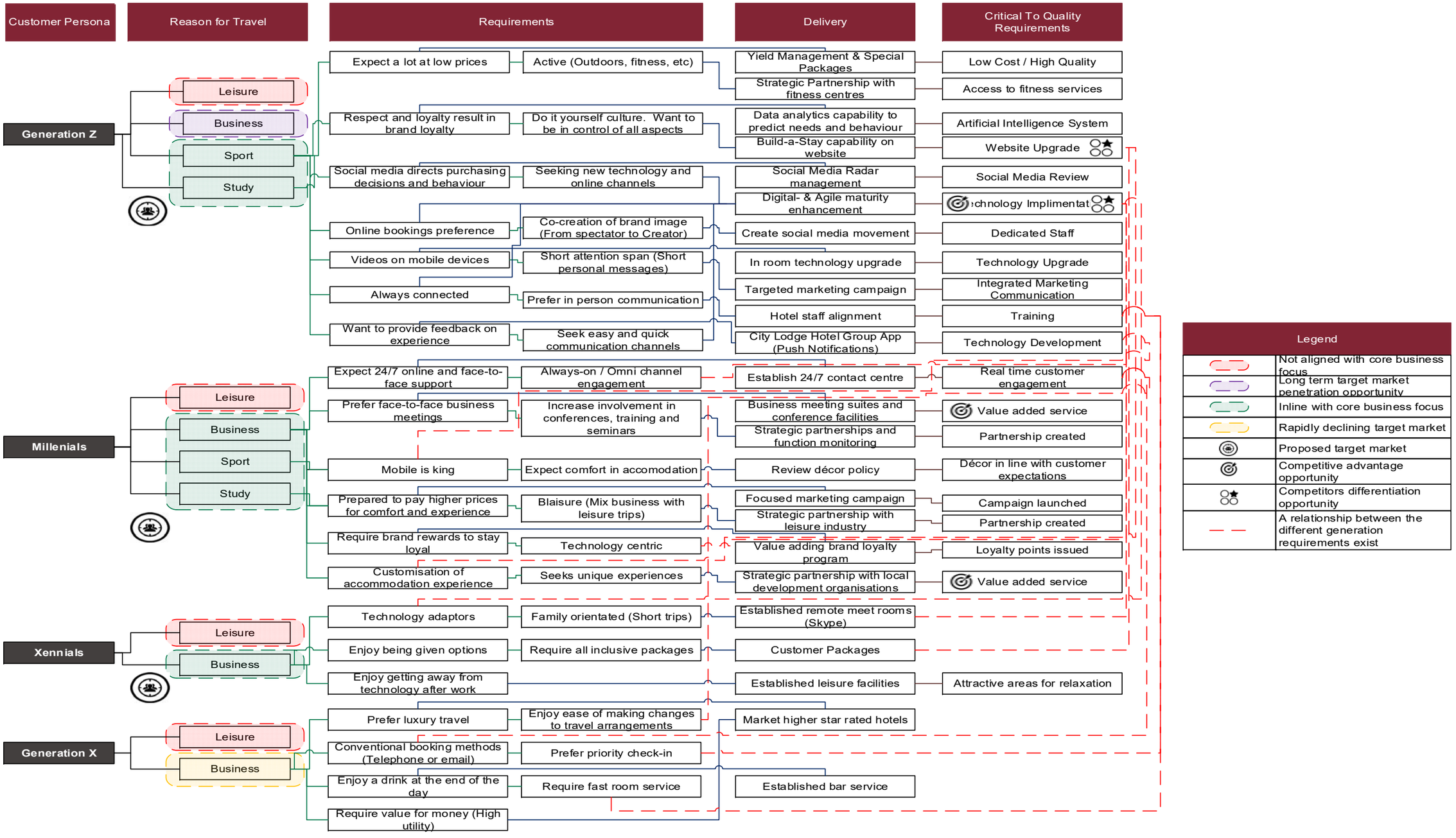
Customers	Millennials and Generation Z will become the influencers of global travel [12].	Mega	Global	2026	Certain	High
Technology	Smart phones will replace in-room controls (door locks, air-conditioning control and entertainment) [13]	Mega	Global	2019	Likely	High
Competition	AirBnB is aggressively pursuing the business travel market [14]. The company are building relationships with travel companies and allowing consumers create accounts to manage bookings [14].	Mega	Global	2019	Likely	High
Strategic Alliances	Strategic alliance rewards programs are fading in popularity due to the difficulty of attaining real value [15].	Mega	Global	2019	Likely	Moderate
Customer	'Bleisure' travel is becoming increasingly popular where travellers extend their business trips for leisure. It is estimated that 80% of millennial	Mega	Global	2019	Likely	High

	travels will adopt this travel pattern into the future [16].					
Infrastructure	Hotels will become an integrator of experience, people, culture, spaces and processes [17]	Mega	Global	2025	Likely	High
Technology	Companies are increasingly looking of an accommodation booking tool [18]	Mega	Global	2019	Likely	High
Infrastructure	In-room designs will become transformative towards the desire of the consumer [19]	Mega	Global	2025	Likely	High
Infrastructure	Consumers will seek ultra- personalisation of their stay experience [20]	Mega	Global	2025	Likely	High
Infrastructure	Hotels will need to cater of all of the requirements and expectations of all target markets [21]	Mega	Global	2025	Certain	High
Growth	Hotel revenue is set to increase to R24.7bn [22]	Industry	South Africa	2021	Likely	High

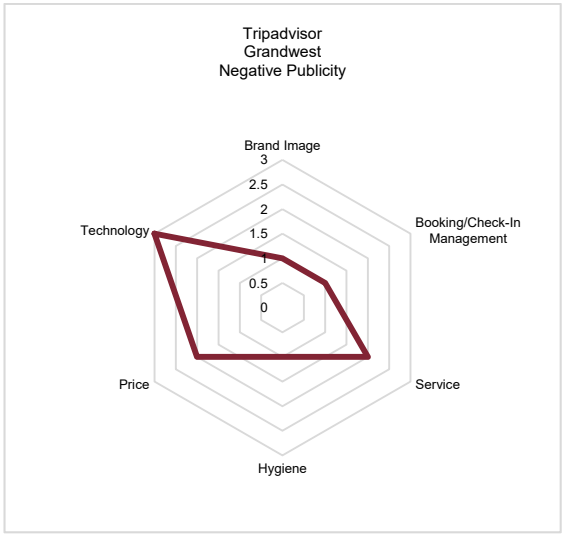
Growth	Domestic and international travellers will increase to 18.5m per annum [23]	Industry	South Africa	2021	Likely	High
Growth	Hotel occupancy rates will increase to 64.3%	Industry	South Africa	2021	Likely	High

[1] (Singh, 2010:7)
[3] (Sullivan, 2015)
[4, 5] (Bristow, 2015)
[6] (Sullivan, 2016)
[7, 8] (Council, 2017)
[9] (OECD, 2017:2 - 5)
[10] (Hawley, 2017:14 - 81)
[11 12] (Alamaniotis, 2016)
[13] (IQ, 2018)
[14 15] (Shteyn, 2017)
[16] (Underscore, 2017)
[17] (Deloitte, 2016)
[18] (Pridor, 2018)

ANNEXURE U: CUSTOMER REQUIREMENTS TREE



ANNEXURE V: NEGATIVE PUBLICITY ANALYSIS



Hotel is avergage

TV did not work

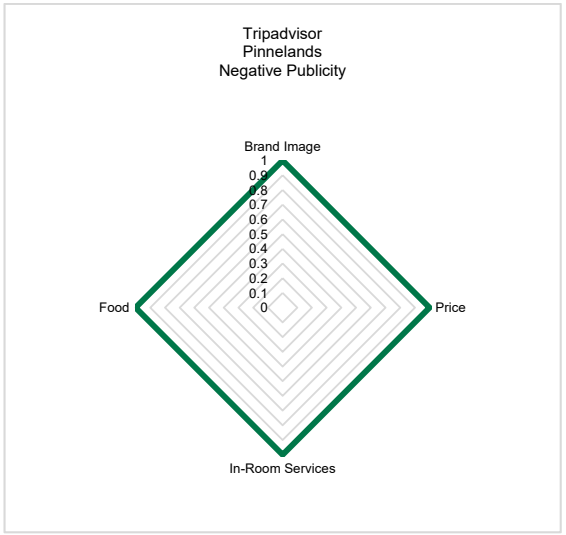
Reservation made was not properly booked

Service not inline with price

Poor WIFI connectivity

Hotel smell musty and old

Poor service delivery

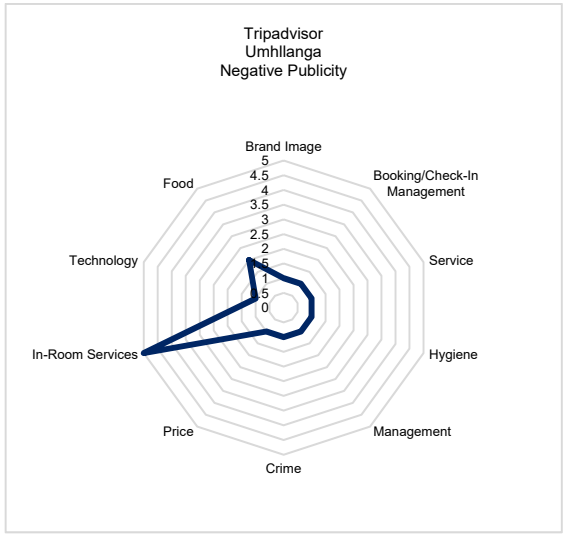


Hotel is not a happy, inviting environment

Microwave food supplied

Rooms not isolated for sound

Overpriced



Limited breakfast options and poor quality food

The hotel charge for everything

No hot water available

Toilet bowl stianed

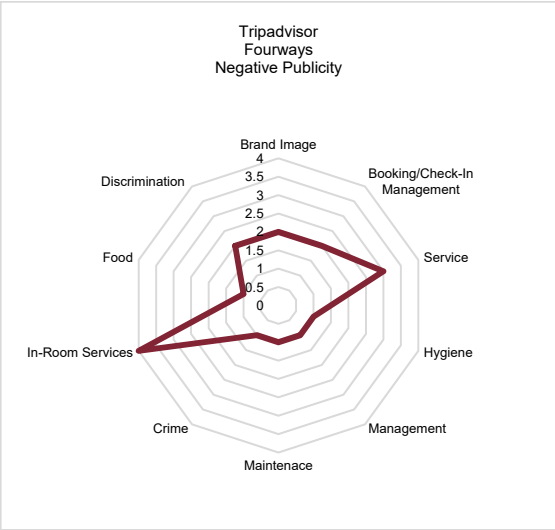
Lost wedding ring

Hotel management unsympethatic to customer issues

Rooms not isolated for noise

Hotel is regarded as avarage

No free WIFI available

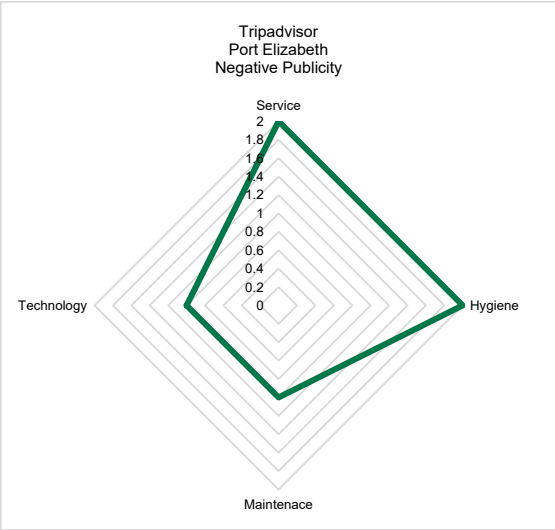


Rooms not isloated for noise

Indicated there is no room available however white geust was provided a room. “City Lodge is a racist hotel”

Hair found in sink

Décor is dull



Unfriendly staff

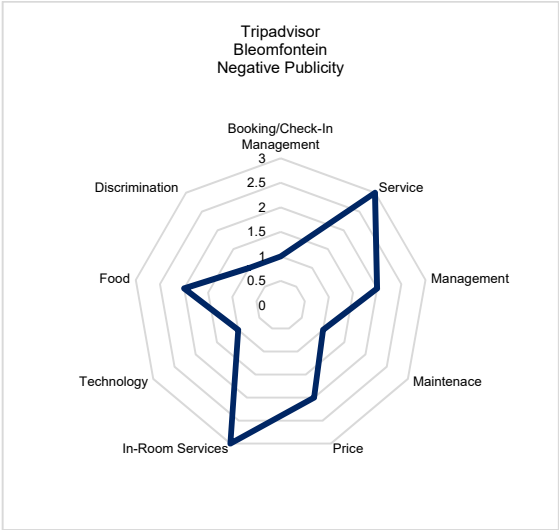
Airconditioner does not work

WIFI procedures not well explained

There was a sharp smell of cigarette smoke in the room

Dirty bath towls

Receptionist and assistant manager was rude, unhelpfull and inexperienced



No cappacino served with breakfast

Lights was switched off at the dinning table however that of other guests was not. This amount to discimination

Staff is unfriendly, rude and untrustworthy

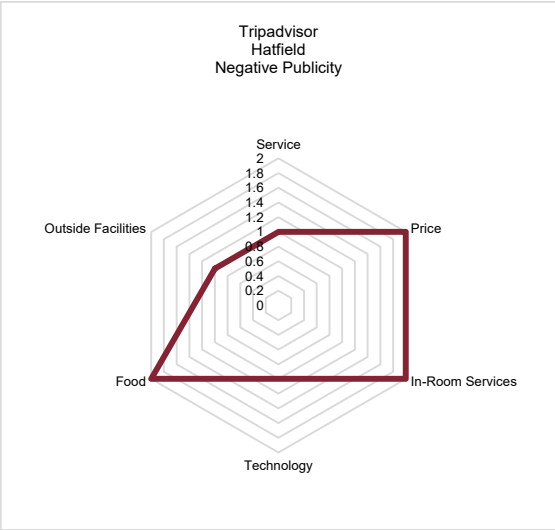
Front desk is rude and egotistic

Rooms are not isolated from noise

Money waste

Airconditioner did not work

Hotel could not find reservation



Breakfast price unreasonable and was charged wrongly to bill

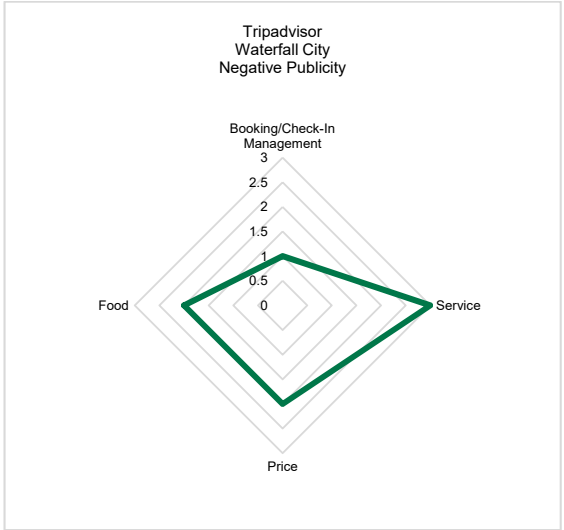
There is no laundry, iron or fridge available

Parking is inconvenient

WIFI availability not sufficient

Rooms not isolated from sound

Receptionist staff is rude and abusive



Charged additionally for breakfast at a high price

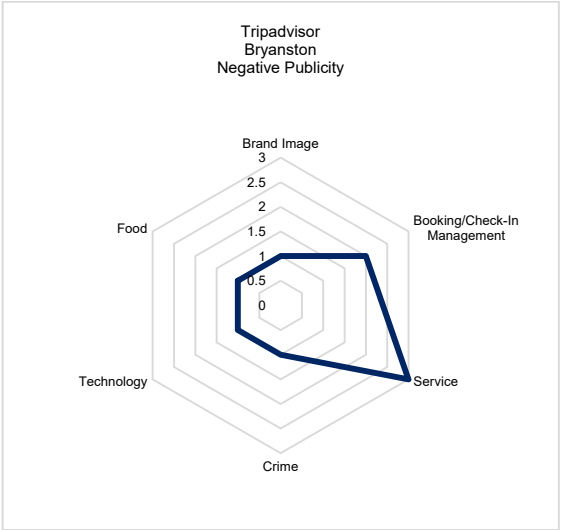
Room was not booked as reserved.

Reception was rude and unhelpfull

Poor service at restaurant

Staff untrained and unprofessional

Windows not in a working condition



Booked room before hand however had to wait a considerably long time.

The hotel is not curtious to late business arrivals

Not all City Lodge hotels are te same

Staff is useless

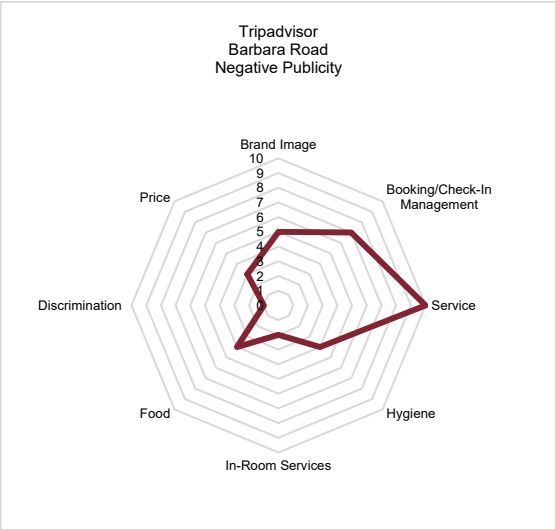
WIFI is advertised but not available

Food not up to standard

Staff ignoring customer requests

No satelite TV available

Poorly trained staff



Security did not intervene when customer was harased by a taxi driver on the hotel premises

Company mislead customers to believe its an airport hotel. Shuttles are extremely expensive.

Check-in payment issues

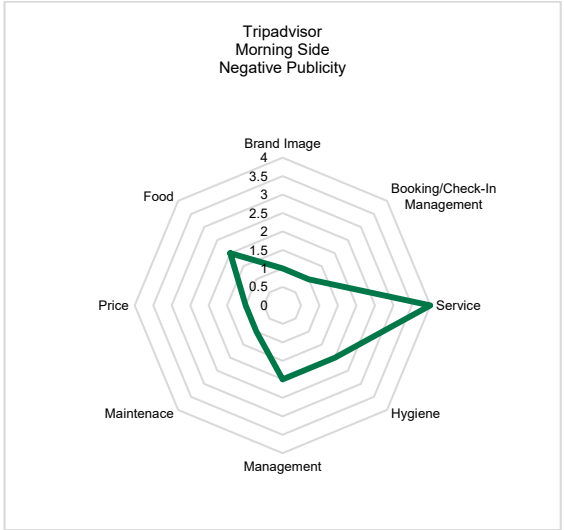
Check-in took more than an hour

Bad smell in toilet area

Restaurant menu is poor

Staff is rude

Had to sleep on the floor as not extra bed was available



Poor management

Very poor food standards

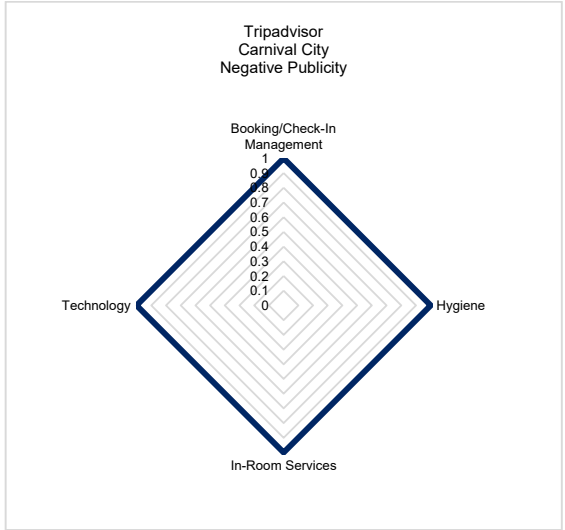
There was an unpleasant ultercation with the manager

Décor old and unattractive

Restaurant staff disrepsectfull towards customers

Carpets was stained

Double booking and refused to extend accomodation

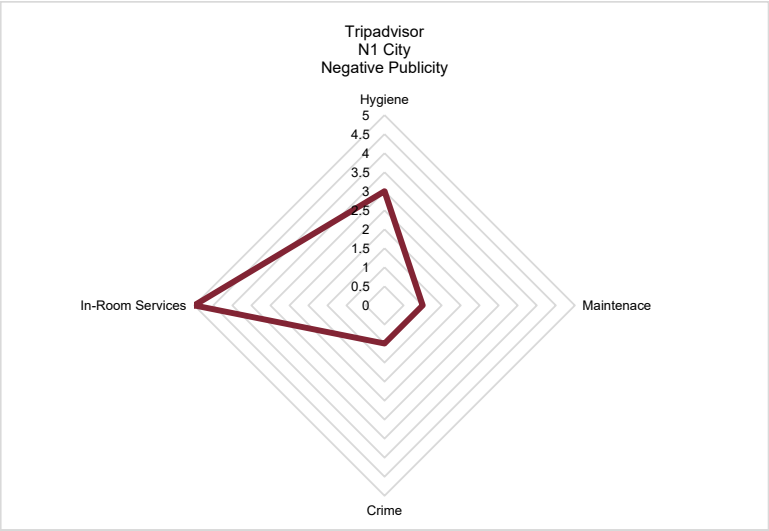


Ant infestation in room

Booking was made incorrectly

No disabled room available

WIFI coverage poor



Windows was broken

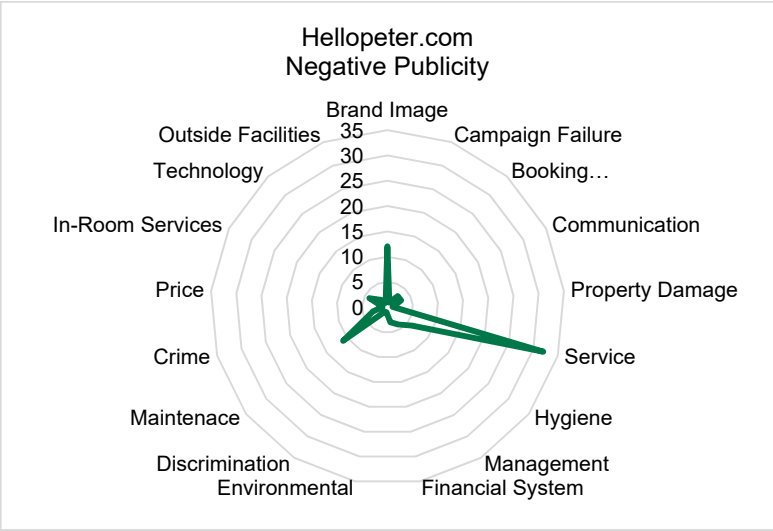
Rooms not isolated from noise

Non smoking room smelled of smoke

Room size and layout old age

Hotel is dirty

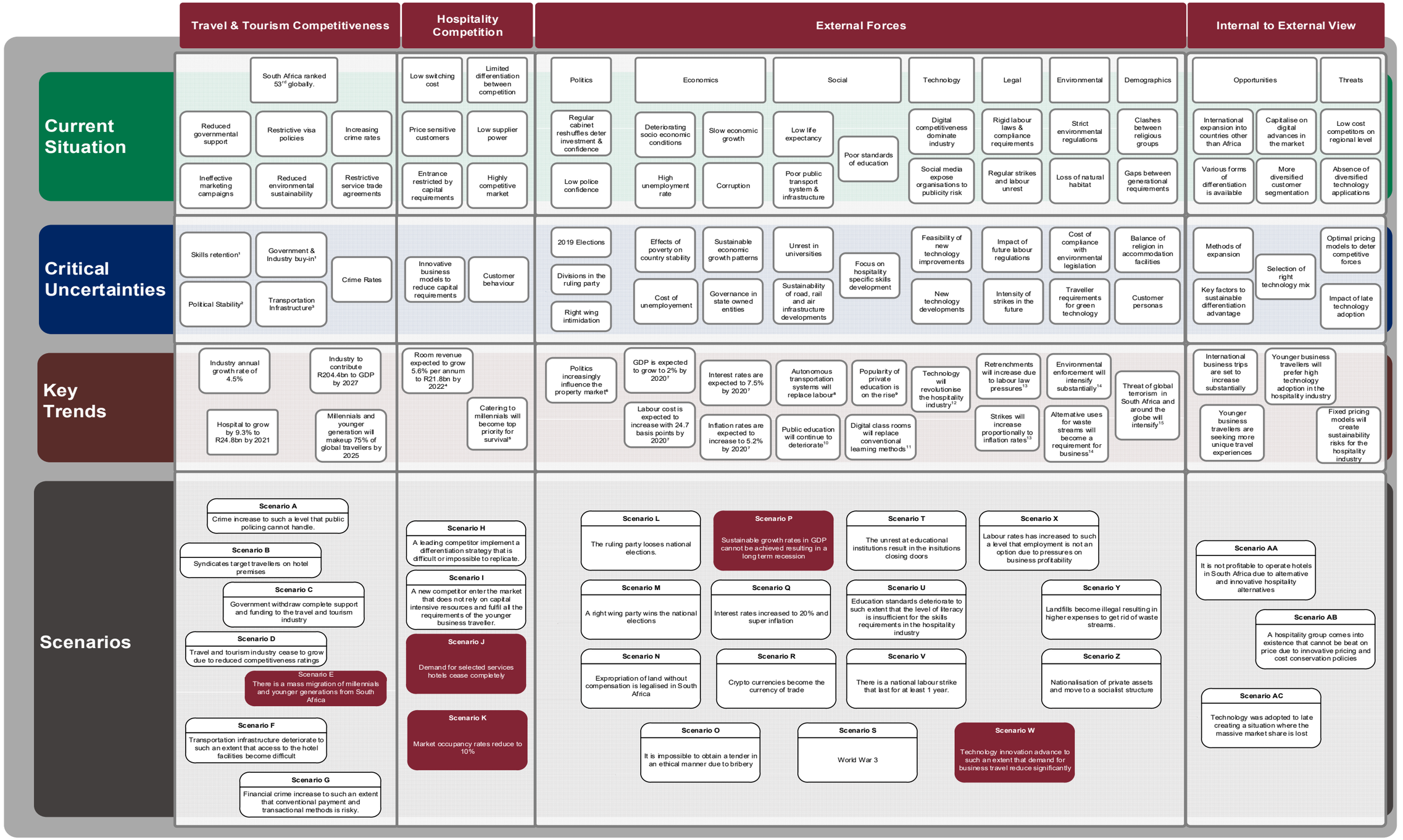
Items stolen from room



Poor serive and attitude from staff

Stolen guest items

ANNEXURE W: SCENARIO MODELLING



ANNEXURE X: STRATEGY IMPLIMENTATION PLAN

ID	Priority	2.	Strategy	Strategy Type	Resource Requirements	Deliverables	Strategy Monitoring	Strategy Lead	Duration	Start	Finish
1	**500**		**Strategic Implementation Plan (2019)**						**280 days**	**Mon 2/4/19**	**Fri 2/28/20**
2	**2**		**General Management**					**Multiple**	**65 days**	**Mon 2/4/19**	**Fri 5/3/19**
3	1	Revitalise our Vision & Mission statement in line with strategic drivers by 2019.	Conduct an off-site work shop to dialogue and formulate a new vision and mission statement for the organisation	Improvement	Man Hours, Venue, Presentation Equipment, Accommodation	Revised and communicated Vision & Mission Statement	% Improvement in employee understanding	Strategy Management Committee	1 wk	Mon 2/4/19	Fri 2/8/19
4	1	Formulate a formal strategic management methodology by 2019.	Conduct an off-site work shop to dialogue and formulate a strategic management process for the organisation	Improvement	Man Hours, Venue, Presentation Equipment, Accommodation	Formalised and documented strategy management process	Number of process cycles completed	Strategy Management Committee	1 wk	Mon 2/4/19	Fri 2/8/19
5	1	Implement a formal Competitive Intelligence Program by 2019	Conduct an off-site work shop to dialogue and formulate a competitive intelligence program	Improvement	Man Hours, Venue, Presentation Equipment, Accommodation	Competitive intelligence program implemented	Number of intelligence programs running	Strategy Management Committee	1 wk	Mon 2/4/19	Fri 2/8/19
6	3	Implement a formal Competitive Intelligence Program by 2019	Appoint a senior business analyst to head the competitive intelligence program	Improvement	Man Hours, Salary, Office Space, Office Equipment, Induction	Senior business analyst employed	Number of intelligence programs running	Alastair Dooley	3 mons	Mon 2/11/19	Fri 5/3/19
7	1	Implement an empowered accountability model by 2019.	Conduct an off-site work shop to dialogue and formulate a DOA	Improvement	Man Hours, Venue, Presentation Equipment, Accommodation	DOA document implemented	% Role out DAO plan	Strategy Management Committee	1 wk	Mon 2/4/19	Fri 2/8/19
8	3	Implement an empowered accountability model by 2019.	Issue DOA letters in accordance with authority levels decided	Improvement	Man Hours, Stationery, Communication Software, Internet	DOA Letters issued	& Role out of DAO plan	Alastair Dooley	3 mons	Mon 2/11/19	Fri 5/3/19
9	**2**		**Marketing & Sales Management**						**270 days**	**Mon 2/4/19**	**Fri 2/14/20**
10	1	Revitalise online brand presence and visibility by 2019.	Redesign website first page to be more inviting towards customer attraction.	Market Penetration / Development	Man-hours, Design, Developer	New landing page launched	% Increase in online bookings	Zuki Jantjies	6 mons	Mon 2/18/19	Fri 8/2/19
11	1	Revitalise online brand presence and visibility by 2019.	Add functionality to the website to allow corporate customers to login and be presented with various, booking, check-in and payment options.	Market Penetration / Development	Man-hours, Design, Developer	Login Functionality added to website	Adoption rate	Zuki Jantjies	6 mons	Mon 2/18/19	Fri 8/2/19
12	1	Revitalise online brand presence and visibility by 2019.	Add functionality to the website to allow DIY packages (Basket Functionality)	Market Penetration / Development	Man-hours, Design, Developer	Package creator added to website	% Increase in online bookings	Zuki Jantjies	6 mons	Mon 2/18/19	Fri 8/2/19
13	3	Revitalise online brand presence and visibility by 2019.	Optimise rankings on Google through SEO techniques	Market Penetration / Development	Man-hours, Design, Developer	Top Ranking achieved on all critical key words	No. of hits	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19

14	3	Revitalise online brand presence and visibility by 2019.	Register and optimise the rankings of the website on Bing	Market Penetration / Development	Man-hours, Design, Developer	Listed and top Ranking achieved on all critical key words	No. of hits	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
15	3	Revitalise online brand presence and visibility by 2019.	Register and optimise the rankings of the website on Yahoo	Market Penetration / Development	Man-hours, Design, Developer	Listed and top Ranking achieved on all critical key words	No. of hits	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
16	3	Revitalise online brand presence and visibility by 2019.	Register and optimise the rankings of the website on Ask.com	Market Penetration / Development	Man-hours, Design, Developer	Listed and top Ranking achieved on all critical key words	No. of hits	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
17	3	Revitalise online brand presence and visibility by 2019.	Register and optimise the rankings of the website on AOL	Market Penetration / Development	Man-hours, Design, Developer	Listed and top Ranking achieved on all critical key words	No. of hits	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
18	3	Revitalise online brand presence and visibility by 2019.	Create an organisational account on Google +	Market Penetration / Development	Man-hours, Design, Developer	Account created and content posted	No of followers created	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
19	3	Revitalise online brand presence and visibility by 2019.	Create an organisational account on Pinterest	Market Penetration / Development	Man-hours, Design, Developer	Account created and content posted	No of followers created	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
20	3	Revitalise online brand presence and visibility by 2019.	Create an organisational account on Traveller	Market Penetration / Development	Man-hours, Design, Developer	Account created and content posted	No of followers created	Zuki Jantjies	3 mons	Mon 3/4/19	Fri 5/24/19
21	1	Revitalise online brand presence and visibility by 2019.	Develop and launch a mobile app	Market Penetration / Development	Man-hours, Design, Developer, Testing	Account created and content posted	Adoption Rate	Ryan Ruthven, Zuki Jantjies	12 mons	Mon 2/18/19	Fri 1/17/20
22	2	To implement a comprehensive integrated marketing communication strategy by 2019.	Develop a unique marketing drive for each brand in accordance with the target customer segment and brand offerings in the new business model	Market Penetration / Development	Man-hours	Marketing campaign per brand established	Market perception rates	Zuki Jantjies	12 mons	Mon 3/18/19	Fri 2/14/20
23	2	To implement a comprehensive integrated marketing communication strategy by 2019.	Develop protocols to ensure effective integration of brand messages across all channels	Market Penetration / Development	Man-hours	Protocols developed and adopted	Market perception rates	Zuki Jantjies	12 mons	Mon 3/18/19	Fri 2/14/20
24	2	To implement a comprehensive integrated marketing communication strategy by 2019.	Develop a five year marketing strategy and sign-off on budget for the period	Market Penetration / Development	Man-hours	Strategy developed and approved	Total spend towards brand promotion	Zuki Jantjies	12 mons	Mon 3/18/19	Fri 2/14/20
25	1	To implement a comprehensive integrated marketing communication strategy by 2019.	Implement a data analytics and artificial intelligence program to monitor, analyse and report on critical market and customer indicators	Market Penetration / Development	Man-hours, Design, Developer, Testing	Program functioning and in use	No. of useful data collected	Ryan Ruthven, Zuki Jantjies	12 mons	Mon 3/18/19	Fri 2/14/20
26	2	Review pricing policies in line with market signals by 2019.	Adopt pricing models as proposed in the new business model	Market Penetration / Development	Man-hours	Pricing models adopted	Increase in revenue	Zuki Jantjies	6 mons	Mon 2/4/19	Fri 7/19/19
27	**2**		**Human Resource Management**					**Marcel Kobilski**	**120 days**	**Mon 5/6/19**	**Fri 10/18/19**
28	2	Establish an employee recognition program by 2019.	Develop critical DOF measurements that each individual within the organisation should comply with	Improvement	Man-hours	DOF developed and approved	Employee satisfaction	Marcel Kobilski	6 mons	Mon 5/6/19	Fri 10/18/19

29	2	Establish an employee recognition program by 2019.	Partner with Bidvest to open recognition bank accounts for each employee	Improvement	Man-hours, Legal agreements	Accounts opened	Employee satisfaction	Marcel Kobilski	6 mons	Mon 5/6/19	Fri 10/18/19
30	2	Establish an employee recognition program by 2019.	Develop and implement a recognition matrix where employees earn points (allocated to the Bidvest card) when achieving the DOF's	Improvement	Man hours, Variable cost	Scheme implemented	Employee satisfaction	Marcel Kobilski	6 mons	Mon 5/6/19	Fri 10/18/19
31	**2**		**Project Management**					**Emile**	**265 days**	**Mon 2/25/19**	**Fri 2/28/20**
32	2	Implement a structured project management methodology by 2019.	Develop a project management framework and governance structure	Cost Containment	Man Hours	Framework developed and approved	% reduction in project cost	Emile Van Der Merwe	3 mons	Mon 2/25/19	Fri 5/17/19
33	2	Implement a structured project management methodology by 2019.	Train project management staff on the framework developed		Man Hours, Venue, Presentation Equipment	Training provided to all staff	No. of staff trained	Emile Van Der Merwe	1 mon	Mon 5/27/19	Fri 6/21/19
34	2	Implement a structured project management methodology by 2019.	Schedule PMBOK certification training for all project managers	Cost Containment	Man Hours, Training cost, Transportation	Identified staff certified	No. of staff trained	Emile Van Der Merwe	12 mons	Mon 4/1/19	Fri 2/28/20
35	2	Implement a structured project management methodology by 2019.	Schedule advance Microsoft Projects training for project management staff	Cost Containment	Man Hours, Training cost, Transportation	Identified staff trained and found competent	No. of staff trained	Emile Van Der Merwe	6 mons	Mon 4/1/19	Fri 9/13/19
36	**500**		**Information & Technology Management**					**Ryan Ruthven**	**175 days**	**Mon 2/18/19**	**Fri 10/18/19**
37	500	Restructure the Information & Technology Management Department in response to market trends by 2019	Outsource IT support services (i.e. Desktop support, printers, networks, etc.)	Market Penetration / Development	Man Hours, Specialised Vendor	IT support service contract initiated	Contract efficiency	Ryan Ruthven	6 mons	Mon 2/18/19	Fri 8/2/19
38	500	Restructure the Information & Technology Management Department in response to market trends by 2019	Schedule training for employees on technology project management techniques	Market Penetration / Development	Man Hours, Specialised Vendor	Training provided to all staff	% training completed	Ryan Ruthven	6 mons	Mon 5/6/19	Fri 10/18/19
39	**500**		**Strategic Implementation Plan (2021)**						**760 days**	**Mon 2/25/19**	**Fri 1/21/22**
40	**2**		**Financial Management**					Alastair Dooley	**365 days**	**Mon 2/25/19**	**Fri 7/17/20**
41	2	Reduce receivable impairments with 30% by 2021	Implement a credit review process	Cost containment	Man Hours	Process implemented	% Reduction receivable impairments	Alastair Dooley	18 mons	Mon 3/4/19	Fri 7/17/20
42	2	Reduce receivable impairments with 30% by 2021	Suspend credit facilities of non-payment customers	Cost containment	Man Hours	Suspensions instituted	% Reduction receivable impairments	Alastair Dooley	12 mons	Mon 2/25/19	Fri 1/24/20
43	2	Reduce receivable impairments with 30% by 2021	Implement a prepaid policy	Cost containment	Man Hours	Policy implemented	% Reduction receivable impairments	Alastair Dooley	12 mons	Mon 2/25/19	Fri 1/24/20
44	**2**		**Marketing & Sales Management**					**Lindiwe Sangweni-Siddo**	**360 days**	**Mon 3/18/19**	**Fri 7/31/20**
45	1	Reduce negative customer publicity with 15% by 2021	Develop and implement a service excellence training program aimed at improving staff behaviour towards customers.	Market Penetration / Development	Man Hours, Venue, Presentation equipment, Travelling	Training developed and implemented	% training completed	Lindiwe Sangweni-Siddo	18 mons	Mon 3/18/19	Fri 7/31/20
46	2	Reduce negative customer publicity with 15% by 2021	Implement a self check-in station at each hotel (This must be linked to the mobile application to be developed)	Market Penetration / Development	Man Hours, Technology provider,	Stations installed in hotels	% Availability in facilities	Lindiwe Sangweni-Siddo	18 mons	Mon 3/18/19	Fri 7/31/20

					developer, Installation						
47	2	Reduce negative customer publicity with 15% by 2021	Install sound proof insulation in room that inhibit unsatisfactory sound penetration	Market Penetration / Development	Man Hours, Materials, Service Provider	Rooms insulated	% Rooms insulated	Lindiwe Sangweni-Siddo	18 mons	Mon 3/18/19	Fri 7/31/20
48	2	Reduce negative customer publicity with 15% by 2021	Outsource food services to a reputable local vendor	Market Penetration / Development	Man Hours, Service Provider, Agreements	Food services fully outsourced	% Role out	Lindiwe Sangweni-Siddo	12 mons	Mon 4/1/19	Fri 2/28/20
49	2	Reduce negative customer publicity with 15% by 2021	Introduce full-board menus in all hotels	Market Penetration / Development	Man Hours, Communication	New menu introduced	% Role out	Lindiwe Sangweni-Siddo	12 mons	Mon 4/1/19	Fri 2/28/20
50	2	Reduce negative customer publicity with 15% by 2021	Procure a golf cart with trailer to fetch commuters at the airport terminals (Airport hotels only)	Market Penetration / Development	Man Hours, Equipment, Staff	Cart purchased and in operations	Customer complaints	Lindiwe Sangweni-Siddo	12 mons	Mon 4/1/19	Fri 2/28/20
51	**2**		**Information & Technology Management**					**Ryan Ruthven**	**735 days**	**Mon 4/1/19**	**Fri 1/21/22**
52	2	Integrate the various software systems into a single integrated ERP system by 2021.	Develop a BRS for the integration of systems	System Integration	Man Hours	BRS compiled and signed-off	% project completion	Ryan Ruthven	3 mons	Mon 4/1/19	Fri 6/21/19
53	2	Integrate the various software systems into a single integrated ERP system by 2021.	Develop an MOC document for the integration of systems	System Integration	Man Hours	MOC compiled and signed-off	% project completion	Ryan Ruthven	3 mons	Mon 4/1/19	Fri 6/21/19
54	2	Integrate the various software systems into a single integrated ERP system by 2021.	Blueprint the information management eco system of the organisation	System Integration	Man Hours, Specialist consultant	Blueprint developed	% project completion	Ryan Ruthven	8 mons	Mon 7/1/19	Fri 2/7/20
55	2	Integrate the various software systems into a single integrated ERP system by 2021.	Match business requirements with off-the-shelf solutions available (i.e. SAP ERP) and decide on package	System Integration	Man Hours, Specialist consultant	System selected	% project completion	Ryan Ruthven	2 mons	Fri 7/26/19	Thu 9/19/19
56	2	Integrate the various software systems into a single integrated ERP system by 2021.	Develop and configure system according to business blueprint	System Integration	Man Hours, Specialist consultant	System fully configured	% project completion	Ryan Ruthven	18 mons	Fri 9/20/19	Thu 2/4/21
57	2	Integrate the various software systems into a single integrated ERP system by 2021.	Train staff on the use and application of the system	System Integration	Man Hours, Specialist consultant	No. of staff trained	% project completion	Ryan Ruthven	6 mons	Fri 2/5/21	Thu 7/22/21
58	2	Integrate the various software systems into a single integrated ERP system by 2021.	Conduct sandbox testing to ensure bug fixes are implemented	System Integration	Man Hours, Specialist consultant	UAT testing conducted	% project completion	Ryan Ruthven	3 mons	Mon 2/8/21	Fri 4/30/21
59	2	Integrate the various software systems into a single integrated ERP system by 2021.	Launch system into the business ecosystem	System Integration	Man Hours, Specialist consultant	System launched	% project completion	Ryan Ruthven	1 mon	Mon 5/3/21	Fri 5/28/21
60	2	Integrate the various software systems into a single integrated ERP system by 2021.	Post go-live support and debug	System Integration	Man Hours, Specialist consultant	System fully functioning	% project completion	Ryan Ruthven	3 mons	Mon 5/31/21	Fri 8/20/21
61	2	Increase our digital maturity level with 50% by 2021.	Develop a digital strategy for the organisation	Market Penetration / Development	Man Hours	Strategy developed and signed-off	% Digital maturity	Ryan Ruthven	36 mons	Mon 4/22/19	Fri 1/21/22
62	2	Increase our agile maturity level with 50% by 2021.	Appoint a agile master to develop in house capability	Market Penetration / Development	Man Hours	Specialist contractor appointed	Individual contracted	Ryan Ruthven	1 mon	Mon 4/22/19	Fri 5/17/19
63	2	Increase our agile maturity level with 50% by 2021.	Identify core team to launch agile work practices	Market Penetration / Development	Man Hours, Specialised Consultant	Team identified and assigned	Team representation	Ryan Ruthven	1 mon	Tue 4/2/19	Mon 4/29/19

64	2	Increase our agile maturity level with 50% by 2021.	Train core team in agile work practices	Market Penetration / Development	Man Hours, Specialised Consultant	% training completed	No. of staff trained	Ryan Ruthven	3 mons	Wed 4/3/19	Tue 6/25/19
65	2	Increase our agile maturity level with 50% by 2021.	Start delivering business results through core team (Agile & Kanban)	Market Penetration / Development	Man Hours, Specialised Consultant, Studio	Core team fully functional	No. of improvements achieved	Ryan Ruthven	12 mons	Thu 4/4/19	Wed 3/4/20
66	2	Increase our agile maturity level with 50% by 2021.	Core team to coach individuals from other sections in the organisation on agile work practices	Market Penetration / Development	Man Hours, Travel	Coach conducted	% of organisation coached	Ryan Ruthven	12 mons	Fri 4/5/19	Thu 3/5/20

ANNEXURE Y: CHANGE MANAGEMENT PLAN

ID	Priority	Change Action	Resource Requirement	Deliverables	Change Lead	Duration	Start	Finish
1	**1**	**Change Management Plan**				**1379.25 days**	**Mon 8/27/18**	**Fri 12/8/23**
2	**2**	**Step 1: Create Urgency**				**15 days**	**Mon 8/27/18**	**Fri 9/14/18**
3	3	Review change threat & opportunities list compiled in strategic management report	Man Hours	Reviewed threat & opportunity list	Strategic Management Committee	1 wk	Mon 8/27/18	Fri 8/31/18
4	1	Conduct a strategic management roadshow with Executive- and General Management teams to dialogue the core reasons for implementing the proposed strategies	Venue, Presentation Equipment	Next step register	Andrew Widegger	1 wk	Mon 9/10/18	Fri 9/14/18
5	**3**	**Step 2: Form Powerful Coalition**				**20 days**	**Mon 8/27/18**	**Fri 9/21/18**
6	3	Issue project sponsor letter to the organisation to display Executive Commitment towards implementation	Man Hours, Template, Communication Software (I.e. MS Outlook)	Issued letter	Andrew Widegger	1 wk	Mon 9/3/18	Fri 9/7/18
7	3	Review proposed strategic management committee team in the strategic management report	Man Hours	Reviewed change management team structure	Andrew Widegger	1 wk	Mon 8/27/18	Fri 8/31/18
8	3	Communicate strategic management committee to the organisation and elaborate on roles and responsibilities	Man Hours, Communication Software (i.e. MS Outlook)	Formal communication	Andrew Widegger	1 wk	Mon 9/17/18	Fri 9/21/18
9	**3**	**Step 3: Vision for Change**				**35 days**	**Mon 10/1/18**	**Fri 11/16/18**
10	3	Identify and appoint a core team of employees that can assist with the review of the vision statement	Man Hours, Template	Core team appointed	Strategic Management Committee	3 wks	Mon 10/1/18	Fri 10/19/18
11	3	Update corporate documentation based on proposed amendment of vision statement (Big Opportunity Statement)	Venue, Presentation Equipment, Man Hours	Corporate documents updated	Strategic Management Committee	1 mon	Mon 10/22/18	Fri 11/16/18
12	**1**	**Step 4: Communicate Vision**				**25 days**	**Mon 10/1/18**	**Fri 11/2/18**
13	1	Conduct road shows at the larger African region hotels	Venue, Presentation Equipment, Man Hours, Template	All employees informed of strategic imperatives	Lindiwe Sangweni-Siddo	1 mon	Mon 10/1/18	Fri 10/26/18
14	1	Conduct road shows at the bordering African region hotels	Venue, Presentation Equipment, Man Hours, Template	All employees informed of strategic imperatives	Tony Balabanoff	1 mon	Mon 10/8/18	Fri 11/2/18
15	1	Conduct road shows at Northern South African facilities	Venue, Presentation Equipment, Man Hours, Template	All employees informed of strategic imperatives	Ross Phinn	1 mon	Mon 10/1/18	Fri 10/26/18
16	1	Conduct road shows at the lower South African facilities	Venue, Presentation Equipment, Man Hours, Template	All employees informed of strategic imperatives	Patrick Tate	1 mon	Mon 10/1/18	Fri 10/26/18
17	**3**	**Step 5: Remove Obstacles**				**1357.25 days**	**Wed 9/26/18**	**Fri 12/8/23**
18	3	Appoint change promoters in each operational area they represent and promote the strategic imperatives at grass root	Man hours, Template	Appointed change promoters, Induction training	Strategic Management Committee	1 wk	Mon 10/1/18	Fri 10/5/18
19	3	Review organisational structure to ensure alignment with the new vision statement and strategic priorities	Man hours	Reviewed and communicated organisational structure	Strategic Management Committee	1 mon	Thu 11/1/18	Wed 11/28/18
20	3	Strategic Management committee team to conduct monthly remote meetings with change promoters to identify possible resistance to change issues	Man hours, Remote meeting software (i.e. Skype for business)	Minutes of meetings	Strategic Management Committee, Change promotors	2 hrs		
86	**500**	**Step 6: Short-Term Wins**				**1 day**	**Wed 10/31/18**	**Wed 10/31/18**
87	4	Issue a monthly newsletter to the entire organisation to communicate status of strategic implementation	Man hours, Graphics Designer, Template	Communicated monthly newsletter	Strategic Management Committee	1 day	Wed 10/31/18	Wed 10/31/18
88	**2**	**Step 7: Build on Change**				**1337 days**	**Mon 9/3/18**	**Tue 10/17/23**
89	2	Source training provider to develop mandatory training modules in support of strategic priorities	Specialised Consultant, Scope of Work	Developed training program and modules	Lischen	3 mons	Mon 9/3/18	Fri 11/23/18
90	2	Partner with reputable training provider to establish a City Lodge Hotel Group Academy	Specialised Consultant, Scope of Work, Contract	Contract initiated, training commenced	Lischen	1 mon	Mon 1/21/19	Fri 2/15/19
91	3	Strategic management committee to conduct debriefing meeting on quarterly intervals to diagnose the root causes for strategy implementation failures and to put actions in place to steer the organisation back to track	Venue, Presentation Equipment, Man Hours	Minutes of meetings, Next step register	Strategic Management Committee	1326 days	Tue 9/18/18	Tue 10/17/23
114	**3**	**Step 8: Anchor Change in Culture**				**85 days**	**Mon 8/27/18**	**Fri 12/21/18**
115	3	Incorporate critical skills and competence in support of strategic imperative in job profiles and descriptions	Man hours, Template	Job profiles and descriptions updated	Marcel Kobilski	3 mons	Mon 10/1/18	Fri 12/21/18
116	3	Review proposed values statement changes and communicate to the organisation	Man hours, Internet, Communication Software (i.e.MS Outlook)	Reviewed and communicated organisational values	Andrew Widegger	1 wk	Mon 8/27/18	Fri 8/31/18
117	3	Create a mandatory computer wallpaper that is installed on all personal computers in the organisation. The vision, mission, values and strategic imperative should be displayed in a unique and creative manner	Man hours, Graphics designer, IT technician	Developed and distributed wallpaper	Ryan Ruthven	1 mon	Mon 10/1/18	Fri 10/26/18

ANNEXURE X: NEW BUSINESS MODEL

Key Partners

Corporate Travel Agencies

HARVEY world travel, TravelPerk, FLIGHT CENTRE Business Travel, Thompsons Travel, WINGS, CORPORATE TRAVELLER, TRAVELMANOR, FCM TRAVEL SOLUTIONS, GOLD TRAVEL

Transportation Providers

BRITISH AIRWAYS, cargo, AVIS, Europcar, Bidvest Car Rental, TEMPEST CAR HIRE, Hertz

Travel Aggregators

travelstart, lekkeslaap, sta TRAVEL, trivago, BID2STAY, SAVenues.com, Booking.com, tripadvisor

Food & Beverage Providers

Social development program

Fitness

planetfitness

Blaisure

Social development program

Event Organisers

GRC, Reed Exhibitions, PRIMEDIA

Key Activities

- Brand promotion
- Hotel operations and administration
- Maintenance, renovations and project management
- Customer Relationship Management

Key Resources

85 Differentiated Hotel Facilities

- South Africa
- Nairobi
- Tanzania
- Mozambique
- Namibia
- Ghana
- Nigeria
- Democratic Republic of Congo
- Madagascar

- Strategic Partnerships
- Employees
- Brand
- Technology

Value Propositions

ROAD LODGE	Budget business traveller
TOWN LODGE	Budget business traveller
CITY LODGE HOTEL	Multi focus business traveller
COURTYARD HOTEL	Mid Management Corporate Traveller
FAIRVIEW	Senior / Executive Management Corporate Traveller

Benefit Creators

Products & Services

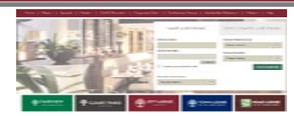
- Interactive website
- High bandwidth WIFI
- Smart rooms
- Free gym membership
- Leisure travel support services
- Stay & Say Rewards
- Online & Mobile booking platforms
- Predictive analytics
- State of the art conference facilities
- 24 Hour assistance bots
- Full board food & beverage service
- Travel guidance & support systems
- Internet TV
- Continuous updates of all aspects related to region
- 24/7 On-site security services
- 24/7 Security escort services
- Wearable electronic language translators
- Competitive pricing models
- Skype rooms
- Sound proof rooms
- Local hospital integration & trained first aiders
- Disabled friendly
- Wellness centres
- Culture overview video
- Booking assistance bots

Fear Relievers

Customer Relationships

- Data analytics software
- Artificial intelligence software
- Key account management
- Online- & mobile customer service centre
- Agile Studio

Channels



bing, YAHOO!, Ask, AOL, twitter, YouTube, travello

Customer Segments

- Budget accommodation
- Midscale Accommodation
- Upscale Accommodation
- Generation Z, Millennial and Xennial business, sport and study travellers.
- Corporate Organisations
- Local schools and universities
- Conferences and exhibitions

Customer Requirements

Needs

DYI, Technology, Personalisation & Customisation, Low Price / High Value, Always connected, Mobility, Active Training, Online booking, Blaisure, Brand rewards, Search for accommodation, Book accommodation, Comfort, Social media, Unique Experience, Quick & Easy Communication, Brand Co-Creation, Arrange transport (Air, Sea, Land), Missing out on experience, Shyness towards other people, Check-in to hotel, Call for transport, Cost of travel, Safety & Security, Loneliness, Request food & beverage, Unlock door, Loosing possessions, Physical challenges, Illness, Control room, Use amenities, Language translation, Travel between facilities, Unfamiliar territory, Communicate with staff, Being away from family, Sleep deprivation, Last minute bookings

Pains / Fears

Burnout, Culture & Norms, Terrorism

Jobs

Cost Structure

Key Activity	Cost Drivers	Importance	Cost Level
Brand promotion	Advertising, Subscriptions, SEO	Critical	Moderate
Hotel operations and administration	Consumables, Rates & Taxes	High	High
Maintenance	Service, Equipment , Consumable	High	High
Customer Relationship Management	Technology	Critical	Moderate
Renovations and project management	Service fees, equipment, construction	High	High

Price Model

ROAD LODGE	Price Leadership / Discounts
TOWN LODGE	Price Leadership / Discounts
CITY LODGE HOTEL	Price Leadership / Discounts
COURTYARD HOTEL	Flat Pricing
FAIRVIEW	Premium Pricing

Revenue Streams

Revenue Streams
Room Revenue
Loyalties from referrals
Food & Beverage Service Cost
Invenstments

Payment Methods

VISA, MasterCard, Diners Club International, AMERICAN EXPRESS, PayPal, amazon pay, BLOCKCHAIN