

SBL Case Study Practice – Live Class 02

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HiLite's competitive advantage is built on its highly competitive pricing strategy, and this has been a significant factor in its current position as the leading hotel brand in Deeland. HiLite normally attracts those travellers seeking 'no frills' accommodation, at a reasonable price and as such, is referred to as a 'budget' hotel chain. Every HiLite hotel room provides an en-suite bathroom, TV and free Wi-Fi internet access and each hotel offers a complimentary breakfast service. However, HiLite hotels do not provide additional services such as bars, restaurants or leisure facilities. Hilite is committed to creating a great place to work, with a strong commitment to equality and diversity. We will continue to commit to staff development opportunities which will help them realise their potential, investing around \$10 million annually.

Information about Comfi Stay

Comfi Stay is a family-run business, which has lacked investment in the last 10 years. All 20 hotels in the chain have been in operation for over 18 years and are located in main coastal resorts of Veelandia. These are in premium locations but with out-dated facilities. Comfi Stay is a mid-range hotels, some with additional leisure facilities such as gyms and pools but is not classed as budget hotels. Meanwhile, Comfi Stay is located at Veelandia about 5,000 miles from Deeland. It has a developing economy, but low wage rates and there is some evidence of poor employment practices in the country. Some evidence of use of under-age labour (minors) in the hotel industry has been found.

Requirement:

Evaluates the proposal to acquire the Comfi Stay hotel chain from the cultural perspective.

Solution:

Hilite is committed to equality & diversity, however Comfi is located in Veelandia that has a practice of paying low wage rate and poor employment practices including use of minors. Thus, if Comfi is acquired this may damage the reputation of Hilite.

Hilite's competitive advantage is its pricing strategy, however Comfi is a mid-range hotel, thus the acquisition may pose a challenge to Hilite as they will not be able to replicate their success strategy for Comfi which is not focusing on pricing.

Comfi is a family run business, thus its more informal in nature, acquiring Comfi may result in issues for Hilite as they need to introduced formal system as Hilite is an established organisation. Thus, there may be resistance from the managers in Comfi who has been in existence for the past 18 years.