

A BOUTIQUE HOTEL PROJECT

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ABSTRACT

This business plan makes a specific analysis of the macro environment, development status and industry competition of the whole boutique hotel Project in China, and demonstrates that the market prospect of the project A is good from a macro perspective. Then, the relevant situation of project A product planning, owner company and management company is introduced. On this basis, the marketing strategy of Project A is proposed through STP tool and 4P tool, and then the operation strategy of Project A is put forward according to the project positioning and development objectives. The total investment scale of Project A is estimated to be 377 million yuan. With a construction period of 3 years and operation period of 20 years, the total revenue of the project is about 3.5 billion yuan, and the total operation cost is about 1.5 billion yuan. After analyzing the future cash flow of the project, calculated at 10% discount rate, the NPV of the hotel investment is 168.36 million, and the internal rate of return IRR15.82%. The static payback period of project A is 8.75 years, and the dynamic payback period is 12.41 years.

Key words: Business plan, boutique hotel, hotel management, marketing

SECTION 1 Introduction

According to the research data of Mairidian Research Institute, the number of boutique hotels was less than 600 by 2021, and the growth trend slowed down significantly after 2015, with a total of 65 newly added hotels from 2016 to 2021. Before the pandemic, China's boutique hotels project accounted for less than 1% of the overall hotel market share in 2019. Facing the increasingly urgent demand for consumer upgrading, there is a huge gap in the boutique hotel project. Although most of the traditional hotels are facing severe survival pressure, they can learn from the experience of SARS. The epidemic will eventually pass, the economy will recover rapidly after the epidemic, the tourism demand will show a surge, and the hotel industry will usher in a new round of spring. It also made me more confident to start a boutique hotel project.

A boutique hotel is located in the first ring Road of Chengdu City. In the planning of The Three Kingdoms Shu City, The Three Kingdoms Shu City will become A top-level supporting business district integrating tourism, business, entertainment, dining, shopping and other functions.

SECTION 2 Market Analysis.

First, the profitability of boutique hotels is far greater than that of traditional hotels. On the one hand, the room rate of Qiping is even much higher than that of five-star hotels, and on the other hand, the rental rate of Qiping economy hotels. Second, the supply of regional obvious, uneven development between regions. China has a vast territory, diverse culture and rich tourism resources, so there is a natural soil for the development of boutique hotel projects. However, most boutique hotels are mainly concentrated in Beijing, Shanghai, Yunnan, Sanya and other cities with rich history or excellent natural scenery, and most cities are still in a blank stage.

Rooms as the core, to provide high value scarce accommodation experience. Price strategy: High value strategy based on products, and flexible pricing based on peer prices. Channel strategy: indirect channel. OTA (online travel) platform and platform agent cooperation, quickly get customers to open the situation. Pay attention

to the construction of offline self-owned sales team, as well as the construction and maintenance of online self-owned channels such as official website, official Weibo and official blog, etc., to prevent being kidnapped by OTA and other channels. Promotion strategy: Project A will focus on social reputation promotion, cross-border cooperation promotion, holiday activity promotion, discount promotion and new media advertising promotion.

1.1 Market segmentation

According to the sales behavior, the sales channel can be divided into direct booking and intermediary booking.

Direct booking channels, the hotel's own telephone, official website, official micro, fax, mail and other hotel channels to get guests.

Brokers booking channels, through travel agencies, online platforms, travel websites, etc., there is a commission.

1.2 Target market selection

The choice of the hotel target market should be based on the external macro environment and its own conditions combined analysis, choose in line with the national policy trend, demand potential, weak competition and market sales channel simple goal to operate. Based on the above market segmentation, we can see that the target customers of Project A can be travel customers or business customers from other places. They can make reservations by phone or through platforms like travel agencies or Ctrip. The target market of project A is a combination of multi-variable factors. According to the previous market segmentation results and combined with the project's own conditions

1.3 Business market

Chengdu is the new first-tier city with the most commercial value in China selected by Gawc organization for 6 consecutive years. It has excellent business environment, very active business activities, huge business customer base and strong sustainable consumption ability. The excellent location of the hotel, the top supporting facilities, is an expression of the strength, status and taste of business customers. The large business market is one of our target markets.

1.4 the OTA market

At present, OTA platform has become the first choice of one-stop service for people's travel activities due to its convenience, speed and rich product categories. ir tickets, hotels and even scenic spot tickets booked through OTA platform are becoming more and more common. The project hotel has many characteristics, such as Shu Han culture of The Three Kingdoms, superior geographical location of Jinli Wuhou Temple, Black Pearl Restaurant and Hezi health SPA, etc., which are all popular words when OTA customers search. OTA has strong customer acquisition ability, especially in the initial market, with low brand degree, and consumers' strong dependence on the network, OTA platform can be used to acquire customers more quickly and open up the business situation. In order to maximize revenue, OTA market is our target market.

Estimate of Annual sales and market share

According to the products provided by Project A, the total income of the hotel includes room income, catering income and SPA income.

According to the data released by the boutique hotel industry in the past, the hotel's other income accounts for about 2 to 3 times of the room income.

Considering that there are many uncontrollable factors in the current epidemic, the author starts from the perspective of caution to estimate these two

The total revenue of the three restaurants is 1.1 times that of the rooms, and the total revenue of the SPA is 0.2 times that of the rooms. Accordingly, for 20 years.

SECTION 3 Operations and Production Plan.

Inspired by the "culture of the Three States, Sichuan and Han", the main building of A boutique hotel adopts the traditional style of western Sichuan folk houses, and integrates a variety of historical elements of Chengdu, which is like the existence of Chengdu folk culture museum. The main building of the hotel consists of 36 villa rooms, 3 specialty restaurants and 1 spa. The project is located next to Wuhou Temple and Jinli Ancient Street in the first ring Road of Chengdu City, in the planned Hancheng section of The Three Kingdoms Shu, with perfect surrounding businesses, numerous tourist attractions and convenient transportation.

SECTION 4 Management Team and Company Structure.

The hotel implements the department responsibility system under the leadership of the general manager. The General Manager Office consists of six departments, including Marketing Department, Human Resources Department, Finance Department, Engineering Department, Security Department and Housing Department. The hotel's business strategy will be to outsource non-core business, such as the restaurant and spa products are outsourced to a more professional team operation. The five core team members all have MBA experience and more than 12 years of average working experience, and all come from related fields in the hotel industry. The team's pioneering, game breaking, marketing, quality control and cost control experience has obvious advantages.

5.1 Costs

The basis of the pre-investment budget of project A: (1) The construction cost is estimated according to the existing base price, rate and similar building structure in Chengdu. At present, the average price of a two-storey building is about 3500 yuan/square meter.

5.2 Intellectual property

A Project patent certification: In order to avoid falling behind the society, according to the development of the latest science and technology, the mature technology has been timely introduced to the enterprise. Advanced technology can be introduced in the following ways: by participating in the hotel exhibition discovery; Through supplier recommendation; Through a competitor; Through customer feedback.

SECTION 6 Financial Projections

1. Source and Use of Funds Statement

In the course of the construction project, the self-owned capital is not invested in one time, but should be invested several times according to the year or the project duration. The sustainability of capital investment should be ensured. When self-owned capital is insufficient, funds can be raised through bank loans, risk financing, introducing other investors, etc. Bank loans, through the payment of interest to the bank to obtain funds, the bank does not interfere in the construction and management of the hotel, to ensure that the hotel construction process will not be due to the participation of other investors faced with construction changes. Risk financing means, through the introduction of venture capital or other investment to obtain funds, such investors have certain requirements on the profitability of the hotel or the control of the company, but this way can reduce a part of the interest cost.

2. Assumptions Sheet

The planned total investment scale of Project A is 377 million yuan, of which 246 million yuan is the estimated land acquisition cost. This project and the land of The Three Kingdoms Shu Hancheng Project are allocated land, and only the estimate of project value is made, without involving the inflow and outflow of funds, so the total actual construction investment of the project is about 131 million yuan. Project A is a part of The Three Kingdoms

Shu Seoul PPP Project. According to the capital use plan of the total project, 40% of the capital during the construction period will be allocated annually, and the remaining 60% will be funded by XC Group, the contractor, and CT Group will pay the remaining amount after the completion and acceptance of the project. See Table 9-1 for the capital use plan of project A during the construction period.

Table 9-1A Annual investment plan for the project construction period (Unit: Ten thousand Yuan)

	2023	2024	2025	total
Percentage points	20%	40%	40%	100%
Its own funds	2,616	1,308	1,308	5,232
Other funds	-	3,924	3,924	7,847
total	2,616	5,232	5,232	13,079

3. Proforma Income Statements

According to the decoration and construction standards of the project, the geographical location, the historical situation of competitors in Chengdu and Chinese counterparts, and the influence of the current epidemic situation that has not been completely eliminated are also referred to. To sum up, the future rental rate of project A is carefully selected: room rental rate of atrium luxury single-family villa is 50%, room rental rate of atrium luxury townhouse is 60%, room rental rate of forest townhouse and riverview townhouse is 75%. During the 20-year operation period of Project A.

4. Proforma Cash Flow

The net present value (NPV) of an investment project is the present value of the project's future cash flow minus the project's investment cost, indicating whether the project has achieved our goal. If the NPV is positive, the project will create value for the company and increase shareholder wealth, and we should accept the project. Its main steps include:

- (1) Estimate cash flow related to the project
- (2) Estimate the necessary rate of return required for investments of the same level of risk
- (3) The formula for calculating NPV is as follows:

Where r is the discount rate. Discount rate refers to the risk-adjusted discount rate used in the process of calculating the NPV of investment projects. The selection of the discount rate is complicated and presents many difficulties because the nature, period and risk of each project are different. There are four common methods to determine the discount rate: opportunity cost of capital, industry average rate of return, weighted average cost of capital and capital asset pricing model.

Here, based on the actual situation of the project, we refer to the opportunity cost of capital and the average rate of return of the industry in recent five years, and comprehensively evaluate and determine the discount rate of the project, which includes both risk factors and inflation factors. But it may have two main problems, one is the accuracy of statistical data; Second, the industry average rate of return is an average number, the extreme situation in the industry rate of return may be ignored.

In project A, we take 10% as the discount rate of NPV calculated by comprehensive evaluation. The discount rate of project A is 10%. The net present value of investment of project A is 168.36 million. We magnify the risk and calculate with the discount rate of 12%, the net present value of investment of project A is equal to 94.34 million; Then the risk is amplified. Calculated at A discount rate of 15%, the net present value of investment in Project A is equal to 16.3 million. Accordingly, we can conclude that project A has strong anti-risk ability and great investment value.

5. Ratio Analysis

This chapter predicts the investment scale of A project, which is about 377 million yuan, based on the relevant documents of Chengdu's land and real estate construction, the data of peer hotels and their own planning. With reference to relevant industry data, the operating income and cost expenditure after the project is put into operation are estimated. Calculated at 10% discount rate, the NPV of A boutique hotel is 168.36 million yuan. After analyzing the future cash flow of the project, it is concluded that the static payback period is 8.75 years, the dynamic payback period is 13 years, and the internal rate of return IRR15.82%. From the data, it can be concluded that A boutique hotel project has a high investment value.

Investment payback period refers to the time required to recover the initial investment of the project based on the annual net profit value of the project. The investment payback period method is divided into static recovery and dynamic recovery.

(1) Calculation of static payback period of project A.

Static payback period of project A = $(9-1) + 5982/17357 = 8.75$ years

(2) Calculation of dynamic payback period of project A.

Table 9-5A Project Dynamic Cash flow statement (Unit: Ten thousand yuan)

Dynamic payback period of project A = $(13-1) + 1120/2727 = 12.41$ years

To sum up, it is calculated that the discounted investment payback period of Project A is less than the average 15-year recovery period of traditional hotels, so project A has high investment value.

Summary

This paper through the A hotel management company ready to start the A boutique hotel project of the whole process of research, make the whole project opportunity, investment environment, product strategy, core team, resource demand, return and risk is clearly visible, through the business plan to facilitate investors more comprehensive understanding of the project, so as to attract strategic investors, make its investment intention. Writing a business plan for a project requires systematic theoretical knowledge, comprehensive logical analysis and a large number of feasibility studies. This process is also a process of continuous attempt, correction and verification. This is of practical guiding significance for cultivating entrepreneurial concept, accumulating investment awareness and managing related projects for hotel start-ups.

The total investment scale of Project A is estimated to be 377 million yuan. With a construction period of 3 years and operation period of 20 years, the total revenue of the project is about 3.5 billion yuan and the total operation cost is about 1.5 billion yuan. After analyzing the future cash flow of the project, calculated at 10% discount rate, the NPV of the hotel investment is 168.36 million, and the internal rate of return IRR15.82%. The static payback period of project A is 8.75 years, and the dynamic payback period is 12.41 years.

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