



**STRATEGIC BUSINESS DEVELOPMENT PLAN OF MERDEKA
PALACE HOTEL & SUITES – A CASE STUDY**

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ABSTRACT

This study will focus on developing a strategic business development plan for Merdeka Palace Hotel & Suites, Kuching. The hotel is currently the only 5 Star International hotel owned by the bumiputra community in Sarawak.

Since it first started to operate in 1998, it has now grown to be one of the best hotels in Kuching. As far as the business is concerned, it has a strong growth potential based on the operating profits for the years 2002 until 2008. On the contrary, the high cost of capital led to the hotel incurring huge amount of losses ever since. Thus, this study is to provide analytical foundations for MP in developing its strategic business development plan, SWOT analysis and IE matrix to identify MP's strength, weaknesses, opportunities and threats. Matching strategies were used to identify appropriate strategies to be adopted and implemented.

This case study will identify the short term and also the long term strategies to be adopted by the management of the hotel. Obviously the short term strategy will stress on the importance to increase profitability while the long term strategy will focus on the capital intensive approach to increase sales and profits. The final product of the study is a proposal on Strategic Business Development Plan for the years 2010 – 2015.

CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

The hotel industry is a very competitive one and what makes one hotel excel is its capability to attract regular and returning customers. This is a very crucial matter which requires time and efforts in order to achieve convincing competitor leverage. With the advent of technology and liberalization of markets, competition has been stiffer among hotel operators. This has also given rise to various creative strategies for hotels to get ahead of the competitors. For instance, the hotel industry has currently seen greater innovations in terms of system enhancements and internet bookings in this globalize and IT era.

It is imperative for Merdeka Palace Hotel & Suites (MP) to gain greater depth into the factors that are currently influencing their customer satisfaction. At the same time, MP needs to identify its customers' expectations with the changing and growing dynamic financial scenario in order to be able to sustain and compete with the other players in this hotel industry. Hence, the study is aimed at proposing a Strategic Business Development Plan for Merdeka Palace Hotel & Suites. This task requires examining the hotel's strength, weaknesses, opportunities and threats employing the well recognized strategic technique of SWOT analysis.

This study is divided into seven Chapters. Chapter 1 discusses the introduction of the research; Chapter 2 gives the background of the

CHAPTER 2 THE COMPANY AND INDUSTRY OVERVIEW

2.0 INTRODUCTION

This chapter briefly outlines MP's background and the tourism industry. The core business and company structure, services offered and a brief history of MP are discussed. This chapter also discusses briefly the overview of the hotel industry in Kuching and the competing environment.

2.1 MERDEKA PALACE HOTEL & SUITES

Merdeka Palace Hotel & Suites is a 100 percent owned Bumiputera Company. It started its operations and opened its door to the public on 17th April 1998. It has been in existence for more than 11 years. It is strategically located within the city centre at 93 Jalan Tun Abg Haji Openg, 93000 Kuching, adjacent to the famous Padang Merdeka (Refer to page 12 for the location map). The hotel is very near to the world famous Sarawak Museum, the business districts, historical trails, tourism spots, entertainment centers and is also only 20 minutes drive from Kuching International Airport.

Its vision is to be the leading hotel operator that sets trends for the hospitality industry in the region. MP's mission on the contrary is:

1. To ensure that every guest leaves the hotel thoroughly impressed and wanting to come back again by delivering a quality service and product that exceeds their expectations.