

GLOBAL MARKETING

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SWOT Analysis

Employing SWOT analysis of Travelodge Hotels Ltd will help in targeting the weaknesses and potential threats to the company, to augment its chances of successful global expansion.

Strengths

- With its origin in the year 1963, the company is among the pioneers in the food and hotel industry. Currently, its hotel chain touches the countries of Italy, Spain, and the UK. This explains that Travelodge Hotels Ltd has already an expanded market, and extending its hotel chain to other countries will not be very intricate (Bloomberg 2013).
- With the reasonable prices for all its services, Travelodge Hotels Ltd has gained the status of “budget chain hotel” all across the Europe (Mawer 2011).
- Currently, the company operates 472 hotels in the three countries, which are spread in different corners of these countries. Most of the hotels are fully featured and have advanced and well-furnished swimming pools, gyms, and massage parlours (Mawer 2011).
- The turnover rate of the company has jumped from £369.5m in 2011 to £391.4m in 2012. This depicts that the company is on the verge of profitability and, this is the best time to try new experiments (Thomas 2013).

Weaknesses

- The infrastructure of Travelodge’s hotels has been criticized by a number of customers. In many of its hotels, the eating room is located in the basement, which has no windows. Customers with the problem of asthma often have a breathing difficulty being in the rooms without windows (Research and Markets 2013).

- The budget chain hotel image of the Travelodge Hotels often pushes away the leisure travellers, who are looking for a more thrilling and luxurious hotel experience.
- Additional facilities like Wi-fi and laptops are not present in the majority of its hotels, which sometimes become the reason of customer dissatisfaction (Buhalis 2007).

Opportunities

- Since 2010, the hotel industry has enjoyed a flourishing market scope all across the world, particularly in the American and European countries (Research and Markets 2013).
- Travelodge Hotels Ltd can commence different loyalty programs for its regular and potential customers, by giving them special price discounts and other benefits of eleventh hour booking at the same regular rates (Buhalis 2007).
- The company can motivate leisure travellers by making the hotel experience more lavishing and alluring. This can be done by enriching their food menu, gym equipment, and hotel furniture (Mawer 2011).

Threats

- The majority of travellers visit the hotels during their holidays, which is considered as the high business season. However, after the vacations are over, meagre number of customers visit the hotels while the expenses of employees' salaries, hotel cleaning, and other pertinent expenses are nearly the same (Thomas 2013).
- Trying to win more customers by improving their infrastructure and service quality will add to the overall expenditures of the company. As a result, Travelodge Hotels Ltd will have to increase its room prices, and this can push away the low budget customers (Mawer 2011).

Political

- Switzerland has a federal system of government, which employs the democratic system of governance (Swiss World 2013).
- The government of the country is very supportive and promotes business plans that promise innovation and technology advancement in the country (Swiss World 2013).
- The government practices “double taxation treaties” in order to lessen the burden of federal taxes from the corporate entities. In such treaties, the host country signs a bond with the native country to share taxes in return of future trade and corporate relations (MarketLine 2012).

Economic

- The Swiss Gross domestic Product (GDP) has achieved a new milestone of 632.2 billion USD in 2012. Switzerland robust economic policies and financial programs have enabled the country to recover quickly from the 2009-2010 European crises (Strauss, Bergen & Stalder 2011).
- The unemployment rate also reduced from 4.2% in 2010 to 3.2 in 2013. This also explains a quick recovery of the country, and its ability to resist financial crisis and recession.
- The Swiss Financial Market Supervisory Authority (FINMA) regulates financial policies in the banking and other government sectors of the country. The authority ensures proper wealth distribution of the country and sets auditing parameters for the private sectors (MarketLine 2012).

Social

- Switzerland is a multi-ethnic country with the major religions of Christianity, Protestants, and Islam (Central Intelligence Agency 2013).

- The country is dominated by Whites and natives. Their presence is discernible in the top management level of the majority of the private and public sectors. Blacks and the ones with beard are given less preference in the corporate sector.
- The life expectancy in Switzerland is 82.28 years. The United Nations Development Program (UNDP) ranks the country 11th out of 187 countries in terms of the life expectancy rate.
- Switzerland has an advanced security system, which has helped the country to control its crime rate (Central Intelligence Agency 2013).

Technology

- Switzerland is advancing rapidly in the sectors of nanotechnology, biotechnology, and architectural sophistication. Switzerland wrist watch industry ranks the top with regards to its technological sophistication.
- Nearly two-third of the total revenue generated by the country is spent in the field of research and technology advancement. This illustrates the eagerness of the Swiss government to improve the overall infrastructure of the country (Couchepin 2002).
- The government of the country is planning new funding initiatives for the private firms in order to push companies towards product innovation and technological advancement (MarketLine 2012).

Environment

- Switzerland is currently facing the challenge of biodiversity loss due to high emission of carbon dioxide from vehicles and industrial waste. It is due to this reason that the government has tightened its corporate permit policies and gives license to industries whose products are environmentally friendly (MarketLine 2012).
- The on-going endeavours of the country for improving their technological standing and internal infrastructure have pushed the country

towards energy crisis. Electricity rates have hiked up drastically over the last few years, particularly in the commercial sector. The positive point here is the future plans of the Swiss government to improve their renewable power sector. By the year 2020, the country plans to augment the share of renewable power energy from 16% to 24% (Couchepin 2002).

- The majority of the people in the country, including the middle class, is brand-oriented, and judges the quality of service of a company from its brand name and repute. For this reason, Travelodge Hotels Ltd will be required to strengthen and enrich their marketing and advertisement strategies (MarketLine 2012)

Legal

- Every foreign company that wishes to do business in Switzerland is required to sign a 5 year bond with the country. Government taxes in the form of profit share will decrease after the bond period is completed (Strauss, Bergen & Stalder 2011).
- The barrier of investment in the country is negligible, and the government practices easy and simple policies for foreign players who wish to invest in the stock market and other public private sectors of the country (Swiss World 2013).
- Government taxes on agricultural and farming goods have been increased. Hotels, restaurants, and medical industries that use abundant quantity of crops and other farming goods are encouraged to invest in the agricultural sector of the country (MarketLine 2012).

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