MARKETING ANALYTICS: Case Study   Name: _____

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Case No.	Chapters	Case Title
5A	5	**Strategic Models: Acme Hotels**

Background:

You are the marketing manager for Acme Hotels, a nationwide hotel chain. Acme Hotels plans to enter a new market with one of its mid-priced hotel properties. The company must decide whether it should build the hotel through its own network of contractors (the organic growth alternative) or acquire a hotel property from a competitor (the acquisition alternative).

Each alternative has its own set of strengths (S), weaknesses (W), opportunities (O), and threats (T). Weights for strengths and weaknesses must total to 100%. Similarly, the weights for opportunities and threats must also total to 100%. You plan to apply the quantitative strategic planning matrix (QSPM) approach to decide on the best alternative.

1. To support the decision-making process, you assemble the data set below, based on management weighting of various criteria and independent assessment of the two potential properties. The scores vary from 1 (poor) to 5 (excellent). We apply the same evaluation weights to both alternatives.

Evaluation Criteria	Weight	Organic: Score	Acquisition: Score
S: Room Count	20%	4	3
S: Build Quality	30%	4	3
W: Low Differentiation	15%	4	2
W: High Expenses	35%	2	4
O: Increasing Demand	25%	2	2
O: Industry Consolidation	30%	2	2
T: Increasing Costs	30%	2	4
T: New Legislation	15%	2	4

2. Complete the QSPM framework below for the organic growth and acquisition alternatives.

Evaluation Criteria	Attractiveness: Organic	Attractiveness: Acquisition
S: Room Count		
S: Build Quality		
W: Low Differentiation		
W: High Expenses		
O: Increasing Demand		
O: Industry Consolidation		
T: Increasing Costs		
T: New Legislation		
Total		

3. State the preferred alternative, based on the Total Attractiveness Scores.