1. **EXECUTIVE SUMMARY**

Our company is Hampton Inn & Suites. Hampton Inn & Suites is a reasonable nice family-friendly hotel that promises with over 1,900 locations in North America, Europe, and India no matter which one of the locations you visit, you’ll get the full Hampton experience. The 100% Hampton Guarantee marks the gold standard of "Hamptonality," a term used to define the proactive, friendly service that Hampton hotel team members have offered guests over the past 30 years to foster a unique culture of hospitality, which includes other industry-leading initiatives, such as the first complimentary breakfast and first in-bedroom ironing boards and irons.

We will open a Hampton Inn & Suites in Riyadh, Saudi Arabia. We choose this location for several reasons. First is that Riyadh is the most populated city in Saudi Arabia and hotel competition is competitive yet the hotels are expensive for the common average American working family. Our hotel would provide these people a reasonable yet luxurious stay for half even a quarter of the price. We choose Saudi Arabia as our country to open a hotel for one main reason. Saudi Arabia has the lowest cost to start up a business and Saudi’s exports are a lot more than their imports, meaning their economy is good and stable.

Although Saudi Arabia has a reputation for oil production; it is also a top tourist attraction. Over 4.2% of the people in the world visit Saudi Arabia every year. Saudi Arabia is the largest free market in the Middle East, having 25% of the total Arab gross domestic product (GDP), the largest oil reserves worldwide (25%) and lowest energy prices for investment projects. Saudi Arabia also has the largest airport in the world located in Riyadh where our hotel will be located creating a huge increase in tourists to visit the hotel.

The Hampton Inn & Suites offers a variety of product and services to its on consumers daily. Hampton Inn offers certain products and services in order to stand out from its competitors~~.~~ One of these key services it offers is the “On the House” breakfast, our luxurious “Cloud nine” beds, and the complimentary wireless internet. Our pricing objectives will include high sales; a penetration strategy usually means lower prices with high sales volume. At our hotel we will have over 300 rooms that will range from 99 to 159 dollars a night to create a high amount of sales for lower prices.

We will use personal selling as a component of our promotion plan. We will use our front desk for local bookings and outside travel sites to do all other bookings. To promote our hotel we will have several ways of advertising. At first we will put our hotel on the Hampton Inn website than on travel sites such as Travelocity. We will also feature our hotel on local and global travel magazines. Our sales promotions will center on a hotel card we use as part of a loyalty program. This hotel card will provide a guest a free room at our hotel after staying at our hotel nine nights consecutively or at different times.

We will net profit for our first quarter 137330.66 (USD). We will net profit for our second quarter 637970.89 (USD). We will net profit for our third quarter 510264.37 (USD). We will net profit for our fourth quarter 870798.05 (USD). Our net income will increase gradually at this rate to a million dollars a quarter.

1. **INTRODUCTION**

The company we’ve chosen to start in Saudi Arabia is Hilton Hotel & Resorts. Hilton already encompasses 4,112 hotels with over 680,117 rooms in 91 countries and is approximately worth $9.735 billion US Dollars. We plan to open a Hampton Inn & Suites in the three most popular cities in Saudi Arabia, Riyadh, Jeddah, and Mecca. We hope to open one in Riyadh, one in Jeddah, and one in Mecca. These three Hampton Inn & Suites will help us further get our foot in the Saudi Arabia.

Our brand promise is for Hampton Inn & Suites to provide a family friendly, quiet and relaxing place to stay the night. Hampton Inn & Suites provides a Clean and fresh Hampton bed® in each guestroom, Free, hot breakfast served daily with fresh-baked waffles and hearty oatmeal with toppings, Free Wi-Fi in all guestrooms and the lobby, 100% Hampton Guarantee, and an Exercise room and/or pool at most locations.

We chose Saudi Arabia as the country to expand our business into for two reasons. The first because it has the lowest cost to start up a business and second is Saudi’s exports are a lot more than their imports, which means their economy is good and stable. We will open the 15 hotels in Riyadh, Jeddah, and Mecca because these are the most visited by tourist cities. They are also the most populated. More people equal more profit, and we will benefit greatly off the tourists. We plan to open five in each city in different locations in the city. The locations of our hotels will be two downtown, one near a historic sight such as the “seven mosques” in Mecca, and the last two near the airports. We also believe that Saudi Arabia is the best choice for a hotel is because 4.2% of the people in the world visit Saudi Arabia every year. Tourists need places to sleep and a quiet reasonable priced hotel is perfect for them.

We will find information on starting our business online at HamptonInn.com and other websites with information to start a business in Saudi Arabia. We can also ask friends and family who have started a business or know people who have. Lastly we can call or visit a Hampton Inn in the area to gain information. Our target market will be families who are vacationing or visiting Riyadh.

1. **ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION**
2. **Economic, political and legal analysis of the trading country**

Saudi Arabia has an oil-based economy with strong government control over major economic activities. Saudi Arabia possesses 18 % of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in the Organization of the Petroleum Exporting Countries or OPEC.

Although Saudi Arabia has a reputation for oil production; it is also a top tourist attraction. Over 4.2% of the people in the world visit Saudi Arabia every year according to World Travel and Tourism Council. The population of Saudi Arabia in 2013 is 28,828,870 and is growing by the day. The labor force total in Saudi Arabia was last measured at 9,558,815 in 2010, according to the World Bank and continues to climb as well.  The unemployment rate in Saudi Arabia is 5.50 percent and the inflation rate is only 2.8 percent. The Gross Domestic Product (GDP) per capita in Saudi Arabia is 25,851.60 USD. In other countries such as Mexico which has a GDP of 10,307 USD per capita have much lower values than Saudi Arabia making it a great country to start a business and make more money. Actually the GDP value of Saudi Arabia represents 1.20 percent of the world economy today.

Saudi Arabia’s climate is very harsh in some areas making some resources scarce & others abundant. Saudi Arabia specializes in certain industries such as cement, fertilizer, plastics, metals, commercial ship repair, commercial aircraft repair, and construction. Saudi Arabia has 16% of the world's oil reserves, is the largest exporter of total petroleum liquids in the world, and maintains the world's largest crude oil production capacity. Saudi Arabia also has the world's fifth-largest natural gas reserves, but natural gas production remains limited. Although oil does not increase tourism it decreases the cost of oil which is great for our airplane shuttle van and other oil based products the hotel will use.

Saudi Arabia is the largest free market in the Middle East, having 25% of the total Arab gross domestic product (GDP), the largest oil reserves worldwide (25%) and lowest energy prices for investment projects. Saudi Arabia also has the largest airport in the world located in Riyadh where our hotel will be located creating a huge increase in tourists to visit the hotel.

Saudi Arabia is a monarchy based on Islam. The government is headed by the King, who is also the commander in chief of the military. The King governs with the help of the Council of Ministers, also called the Cabinet. The King is also advised by a legislative body called the Consultative Council (Majlis Al-Shura). The Council proposes new laws and amends existing ones. The council encourages the start of new businesses and especially in tourism friendly businesses. Saudi Arabia is the 19th largest exporter and the 20th largest import market in the world. Foreign investment is also growing in the Kingdom. On April 11, 2000 Saudi Arabia made it easier for foreign investors in the Kingdom by introducing a new law giving foreign investors the right to the same benefits, incentives and guarantees offered to Saudi individuals and companies. It also allows foreign investors to own property and real estate.

Saudi Arabia has one main document that is the basis for all citizens, the Basic Law of Governance. There are nine chapters and 83 articles in the document. Several affect our product/service. Chapter four “economic principles” and chapter seven “financial affairs” have articles that will help and hurt the running of our Hampton Inn in Saudi Arabia. Another law in Saudi Arabia is that women cannot do many jobs. This will limit the amount of women working at our hotel and our hotel will have to be mainly a male working force.

1. **Trade area and cultural analysis**

Saudi Arabia is located on the Arabian Peninsula, taking up about eighty percent of it, but having to share it with many various different Middle Eastern countries. Saudi Arabia is surrounded by two different bodies of water; the Red Sea and the Persian Gulf surround Saudi Arabia. The climate of Saudi Arabia is desert like, having extreme heat during the day with falling temperatures in the night and little rainfall year round.

 Saudi Arabia has about twenty seven million people total throughout the country, most of them speaking Arabic (2010 census). Having about fifty one percent of the total population under twenty-five. Saudi Arabia used to be generally a nomadic country but in the 1960 the population has become more urbanized. Ninety-five percent is now settled and eighty percent of the population lives in one of the three largest cities: Mecca, Riyadh, and Jeddah.

 Saudi Arabia is at a fairly stable state concerning its population. It is a growing population of about 1.49% a year. Also having about nineteen births for every 1000 people and only three deaths for every 1000 people. In this society the average mother will have about two children and is expected to live up until she is around seventy-seven! The males on the other hand have a slightly lower life expectancy, which is about seventy-three.

1. 

 Saudi Arabia has many different customs and traditions such as Muslims going to Mecca for their Hajj. A lot of Saudi Arabia’s culture relies on their religion, which is Islam. Including their theocratic government and their King Abdullah. All of Saudi Arabia’s customs are inspired from the Islamic and Arabic culture. This includes folklore, clothing, dances, housing styles, cuisines, and dialect; however they differ depending on what province you are in.

Saudi Arabia has a big advantage over many other areas of the world. It is known as the world’s fastest reforming economy due to it skyrocketing on the World Bank’s ease of doing business list. It has jumped from sixty-seven to twenty-three in just one year and is ranked number one throughout the whole Middle East. A big advantage when doing business in Saudi Arabia is how relatively easy it is in order to register property and pay your taxes. Another advantage is the large consumer base we offer during the Hajj, many Muslims will be passing throughout Saudi Arabia and will wanting to get their necessities during their passing though. Saudi Arabia is also the home to some of the world’s largest oil reserves making many countries dependent on Saudi Arabia and other Middle Eastern countries.

 On the other hand Saudi Arabia does have some disadvantages as well. Saudi Arabia is far from most of the rich nations, such as the United States, China, and Japan. Another competitive disadvantage is the view of Muslims in certain countries over the years has shifted more negative. This is due to terrorism from other Middle Eastern countries. These acts have not been made by Saudi Arabia however they are directly affecting business and trade due to the views of the buyers.

Our target market is family’s who are vacationing or visiting Riyadh. These families will primarily be the middle class, as it is in America and other countries. Our average family will most likely Arabic and practice the Islamic faith. The average family of four consists of the mother, father and two kids. The parents’ age groups will range from about thirty to forty-five and the kids will be about one to fifteen. These typical families will be from Saudi Arabia itself but we are not excluding families from other countries at all. These families will have a pool and spa to kick back and relax from whatever stress they may have. These will not be the only forms of entertainment out there; we will have TVs, activities to do with and without your family, as well as live bands, and more! We want everyone in the family to have a memorable experience they will never forget, in order to bring repeat business.

 We will have many different suites for customers to purchase in order to meet the needs of many types of consumers. The typical consumer would stay about three to four days. Each customer would likely do a little research such as, checking ratings and other customer’s reviews of our hotel. Some customers may book the room off of impulse also.

 We chose to take the Hampton & Suites to Riyadh because of its enormous population, being the largest city in all of Saudi Arabia. In order to get into Saudi Arabia from another country you will need to get a passport. Also you will need to get a Visa, not the credit card company. There are many types of Visas that will allow you access into Saudi Arabia, such as a Business Visa, Family-Visit Visa, Government Visa, and more. In order to be able to receive a Visa you must contact the Saudi Arabian embassy for your exterior country and follow their specific guidelines. For your passport you must follow the guidelines in your country to receive one.

1. **PLANNED OPERATION OF THE PROPOSED BUSINESS/PRODUCT/SERVICE**
2. **Proposed organization**

Our type of business ownership will be a sole proprietorship. The person who will own our company is Luke. Luke will make the executive decisions and Landon will assist Luke with comments on how to make the business better. Advantages of a sole proprietorship are a sole proprietor has complete control and decision-making power over the business; sale or transfer can take place at the discretion of the sole proprietor, no corporate tax payments, and minimal legal costs to forming a sole proprietorship, and few formal business requirements. Disadvantages of a sole proprietorship are that all responsibilities and business decisions fall on the shoulders of the sole proprietor and investors won’t usually invest in sole proprietorships.

We will use a Divisional organizational structure. We will use Divisional because Hampton Inn is a huge company and Divisional structures are beneficial for large companies. A Divisional organizational structure also ends to simplify and clarify authority, responsibility and accountability relationships, promotes fast decision making, and is simple to understand.

Our process in starting our company will consist of first creating a business Plan. Next we will take a look at an index of international property rights, learn more about culture, get through trade barriers, and gain knowledge about their industry (petroleum). To get through trade barriers will be easy because between Saudi Arabia and the US there are none. To gain knowledge about Saudi Arabia’s industries we will research online and call and gather information from Saudi Arabian microeconomics. We will then get investors for financing hotel and lastly obtain licenses and permits from the government of Saudi Arabia. Our planned personnel will consist of a human resource department and a culture knowledge department. It will have activities such as training, discipline if not following rules, and firing/retiring.

Jobs at our hotel will be made up of 8 groups of employees. We will have a Laundry Attendant, Calls representatives, Room Attendants, Guest Service Agents, and a General Manager at each hotel, Regional directors, Executive officers, and the chief executive officer (CEO).

A laundry attendant will clean sheets and other materials for rooms and be paid either part time or full time for $12 per hour. Calls representatives will not be part of our hotel but an outside company and we will pay them for their services from. We will have call representatives because some people who prefer to book hotels on the phone. For the people who prefer to do it online we will pay travel sites a small fee to do everything for us. Room Attendants will clean and maintain rooms in our hotels that will work part time for $14 per hour. Guest Service Agents provide courteous and professional service to guests who are checking into or out of the facility that will work for $17 per hour full time. General Managers runs their hotel and makes executive decisions for the hotel, and reports to the regional directors they will be paid $30 per hour full time. Regional directors run a region of hotels and reports to executive officers of problems and sales. They will work $45 per hour full time. Executive officers (CFO and CTO) manage the company and propose business plans to the board for a lofty $75 per hour full time. Lastly on top of everyone is the Chief Executive Officer (CEO) that will make most of the decisions and fund the hotels. They will make $80+ an hour full time.

1. **Proposed product/service**

The Hampton Inn & Suites offers a variety of product and services to its on consumers daily. Hampton Inn offers certain products and services in order to stand out from its competitors~~.~~ One of these key services it offers is the “On the House” breakfast, our luxurious “Cloud nine” beds, and the complimentary wireless internet. The “On the House” breakfast includes hard-boiled eggs, fresh fruit, and cheese omelets. Our “Cloud Nine” beds will do nothing but give you the most comfort you’ve ever found in a bed. These beds are specially designed to our qualifications for your comfort. The free wireless internet is available in the lobby and in all of the rooms. Other services we offer are meetings rooms, complimentary printing, laundry, elevators, fitness rooms, a pool, and our facilities are made accessible to everyone. All of the supplies that are necessary for our products and services will come from the other nearby Hampton Inn & Suites as well as from various local businesses throughout Riyadh. The closest Hampton we could trade resources with is in Al Jubail which is relatively close by the city of Riyadh. For stocking policies we will follow the company guidelines so that we do not waste materials.



In order to be able to maintain all of these services we will have to alter or changeup them in order for them to be effective in Saudi Arabia. We will need to change some of the items that are in the “On the House” breakfast to account for the Saudi Arabian culture as well as the eating habits of Muslims. We will get all of the food for the breakfast from farmers and producers within Saudi Arabia in order to minimize the cost of transportation from point A to our hotel. This will minimize costs for most foods however some certain foods will be imported because it is just cheaper and more efficien0t. For the other services we will get the materials from where we get them for our other Hampton Inn & Suites and other Hilton Hotels. The only “product” we carry at the Hampton Inn & Suites is hotel rooms. This will range from $99 to $159 USD per night for a room. At our particular Hampton Inn & Suites we will have three hundred rooms to accommodate for all the flow of people coming in and out of Riyadh.

1. **Proposed strategies**

Our pricing objectives will include high sales; a penetration strategy usually means lower prices with high sales volume. At our hotel we will have over 300 rooms that will range from 99 to 159 dollars a night to create a high amount of sales for lower prices. Lower prices will also help with competition with other hotels in the area. We will have an extra service at our hotel which will be a currency booth to exchange everyone’s money in the Saudi Arabian Riyal (SAR). Our hotel will only accept the riyal as it is Saudi Arabia’s only currency. One US dollar will be 3.75 SAR’s. One Mexican peso will equal .26 SAR’s and one Euro will be 4.60 SAR’s. Our prices will be from 372 to 597 SAR’s. These prices will be extremely lower than some of the most luxurious hotels in Riyadh and about twenty US dollars cheaper than the average hotels in the area. Our prices will be lower so we can stay afloat with all the competition. Hotels that are in the area are the Marriot (about $275), Al Faisaliah Hotel (about $450), Courtyard (about $220), Holiday Inn (about $280), and a few more but they all have a more significant increase in price. We also want to make our guests feel like the money they are paying is less than their experience they paid for at our hotel. Our hotel will feel like a 200-300 dollar stay but will be only half the price. This will increase our sales but we will not make as much profit. However it is a risk we are willing to take. Not included in the price of the room at the hotel is a tax for the room. There will be a hotel occupancy tax and a local sales tax. This will be ten percent of the price of the room and will be paid in return for the cleaning of the room, the breakfast, and all other hotel amenities.

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| --- | --- | --- |
| Room | Price (USD) | (SAR) |
| 1 King Bed | $99 + tax | 371.89 + tax |
| 2 Double Beds | $99 + tax | 371.89 + tax |
| Junior Suite (2 Queen Beds, futon bed, Jacuzzi) | $129 + tax | 484.58 +tax |
| Executive Suite (1 King Bed, two twin beds, Jacuzzi, balcony) | $159 + tax | 597.28 + tax |

We will use personal selling as a component of our promotion plan. We will use our front desk for local bookings and outside travel sites to do all other bookings. This will allow us to have better promotion and a quicker way of booking our rooms. However websites such as Travelocity will take a small percent of the sale but the overall net profit will be worth it.

To promote our hotel we will have several ways of advertising. At first we will put our hotel on the Hampton Inn website than on travel sites such as Travelocity. We will also feature our hotel on local and global travel magazines. Our sales promotions will center on a hotel card we use as part of a loyalty program. This hotel card will provide a guest a free room at our hotel after staying at our hotel nine nights consecutively or at different times. Our publicity will include a press kit and a news release. Our press kit will include a series of articles and photographs about our hotel. We will send copies to local newspapers and television shows on travel. Our news release will be an intriguing article about our hotel that we will send to the media. The article will be focused on the abundant amenities at our hotel and the low cost when staying with us. We will not have any sponsorship’s because our company will not need any for two reasons. First is that only small and local businesses use sponsors and second is that our company will rely on ads not sponsors.

1. **PLANNED FINANCING**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Riyadh Hampton Inn and Suites for 2016 (USD)** | **Q1** | **Q2** | **Q3** | **Q4** |
| Revenue | 1,387,865.22 | 1,625,307.32 | 1,533,797.23 | 1,770,123,80 |
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|   |   |   |   |   |
|   |   |   |   |   |
|   |   |   |   |   |
| Selling/General/Admin. Expenses, Total(includes all other expenses) | 1,250,534.56 | 987,336.43 | 1,023,532.86 | 899,325.75 |
| Research & Development | -52,431.54 | -51,678.12 | -47,987.67 | -32,893.45 |
|   |   |   |   |   |
|   |   |   |   |   |
| Unusual Expense (Income) | -40,619.12 | -33,862.11 | -36,832.76 | -231 |
|   |   |   |   |   |
| Total Operating Expense | -756,934.88 | -650,228.96 | -720,345.98 | -802,398.32 |
| Operating Income | 1,155,876.42 | 1,347,123.34 | 1,252,298.34 | 1,563,865.44 |
| Other Income Before Tax | 578,955.10 | 684,510.81 | 664,948.20 | 648,789.31 |
|   |   |   |   |   |
|   |   |   |   |   |
| Income Before Tax | 1,734,831.52 | 2,031,634.15 | 1,917,246.54 | 2,212,654.75 |
| Income After Tax | 1,387,865.22 | 1,625,307.32 | 1,533,797.23 | 1,770,123,80 |
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|   |   |   |   |   |
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|   |   |   |   |   |
|   |   |   |   |   |
| Net Income | 137,330.66 | 637,970.89 | 510,264.37 | 870,798.05 |

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**Map of Saudi Arabia**

