

Trade Area Analysis and Feasibility study of Hospitality development in the city of Satara, India

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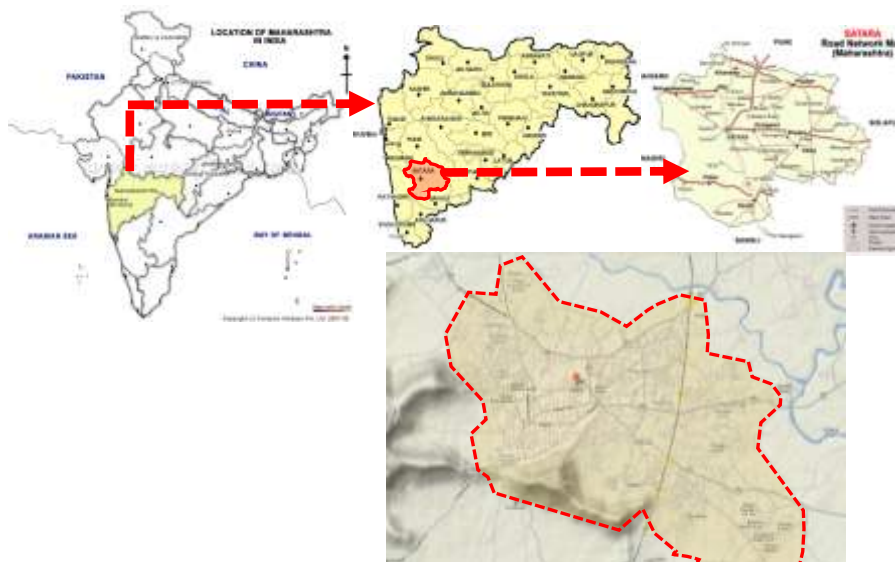
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Abstract: Satara lies between 17°5' N - 18°11' north latitude and 73°3' to 74°54' East longitude. Satara district is predominantly agricultural. The land in the Krishna valley especially that of Wai, Satara, Karad, Patan and Javali is very fertile. But Satara is also blessed with Sahyadri ranges surrounding it, making it an attractive tourist destination. In 50km radius from Satara, many tourist destinations exist such as, Mahabaleshwar, Thosgar, Kaas, Wai etc. This advantage leads to tourism potential in that region and therefore this case study aims at finding out potential for hospitality development within Satara and its feasibility in context of supply and demand scenario. Primary and secondary studies are carried out and mathematical and mapping tools are used to derive feasibility. The study made a number of conclusions, most important of which is: there is a scope for a hotel development in Satara city with standard facilities.

Keywords: Trade Area analysis, Catchment analysis, Market research, Hotel Feasibility studies.

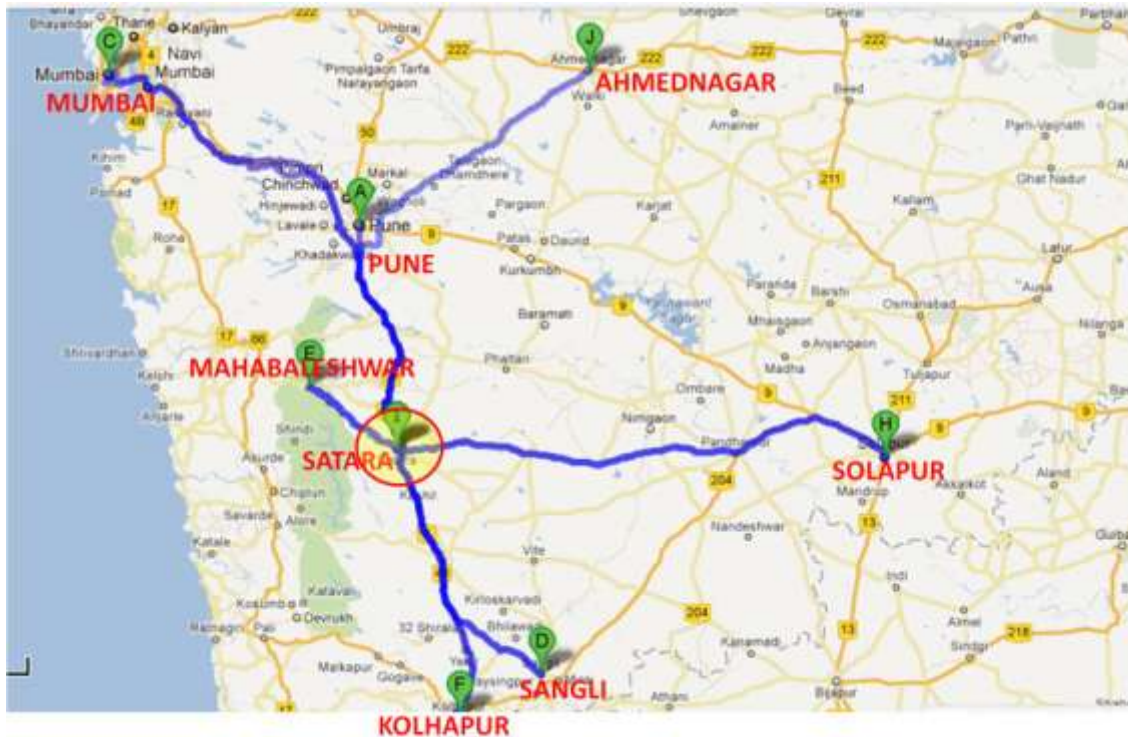
I. Introduction

Satara district is located in the western part of Maharashtra, India. It extends between 17°5' N - 18°11' North latitude and 73°3' to 74°54' East longitude. It is situated in the river basin of Bhima and Krishna Rivers. It is surrounded by Pune district to the North, Solapur to the East, Sangli to the South and Raigarh and Ratnagiri districts to the West. Refer Map 1 for location.



Map 1: Satara city Location (Map source: www.mapsofindia.com, Google Earth)

Satara district is popular among the weekend tourist within the vicinity. Visitors from cities like Mumbai and Pune is the maximum amongst all. Refer Map no. 2 for regional connectivity.



Map 2: Regional Linkage (Map source: Google Earth)

Mahabaleshwar and Panchagani are well-known hill stations for tourists near Satara. The Kaas Plateau also known as the "*Kaas Pathaar*" is known for various types of wild flowers which bloom during August-September every year which is just 22 kilometers from Satara city. It has been declared as Biodiversity World Heritage Site by The United Nations Educational Scientific and Cultural Organization (Unesco). As per the report of Ministry of Tourism, Government of India, places such as Mahabaleshwar, Panchagani, Wai and Pratapgad welcomes approximately 1.7 to 2 million tourists every year. (*Refer Map no.3 to understand tourist destinations in the radius of 50km from Satara*). Satara is also well known destination for outdoor film shootings. All these pull factors generate demand for tourist facilities such as hotels in and around Satara.



Map 3: Tourism Circuit in and around Satara, 50 Km radius (Map source: Google Earth)

II. Objective

The primary objective of this study is to do a trade area analysis for hotel development in Satara and to check the potential of developing a new hotel.

III. Approach & Methodology

As the primary approach is to do a trade area analysis in Satara and understand the feasibility of a hotel project through primary as well as secondary studies. Following steps were adopted to analyze and arrive at conclusions;

- Study of tourist arrivals and their spending patterns in the region (Secondary study)
- Identifying the growth direction of Satara city
- Locating Major Residential, Commercial and Industrial developments (Based on primary and secondary study)
- Locating existing recreational spaces and restaurants (Based on Primary study)
- Locating existing hotels, their occupancy and charges
- Identifying potential customers
- Analysis and conclusions

Tourism Fact Sheet

The market research report of Ministry of tourism and culture clearly shows that, Satara region has a very high volume of tourist flows. The fact sheet of the same is shown below;



Source: Ministry of Tourism and Culture, Government of India

Primary and Secondary Data analysis

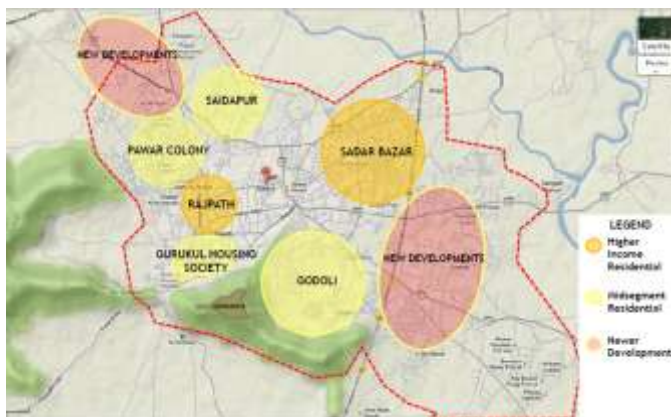
Following are the findings of field study, as well as secondary study, following maps are showing the existing developments and future areas of development;



Map 4: City linkages and transport nodes



Map 5: Historical growth and future growth directions



Map 6: Major Residential developments (New and old)



Map 7: Commercial areas and Retail hi-streets



Map 8: Industrial developments



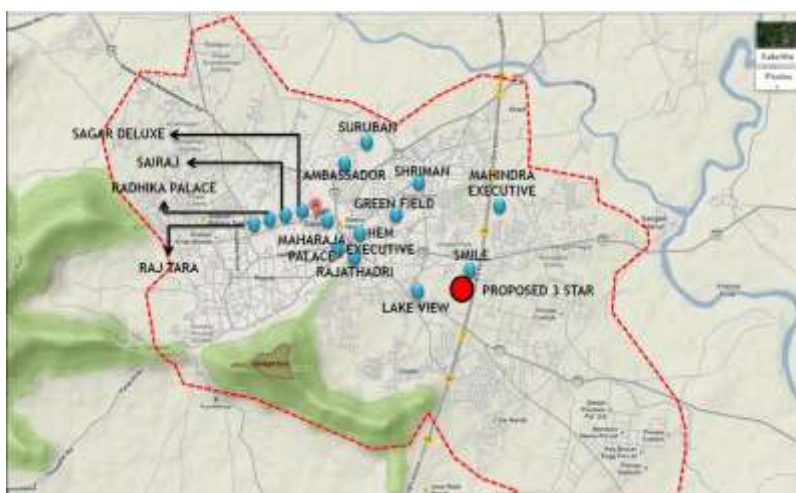
Map 9: Recreational spaces



Map 10: Existing Major Restaurants



Map 11: Schools and Colleges



Map 12: Existing Hotels in Satara

Factors Causing Demand For Hotels

In the primary survey, there were key observations to note, which was driving the demand for hotels in Satara and they are listed as follows;

- Main demand for hotels is for the business class visiting the Maharashtra Industrial Development Corporation (MIDC) sector of Satara for business, conferences, workshops, training sessions, audits etc.
- Another major demand is by the tourists that come to visit Mahabaleshwar, but stay at Satara because of the higher rates for accommodation in hotels at Mahabaleshwar
- Tourists visiting Kaas pathar, forts like Sajjangad, Pratapgad also prefer to stay at Satara
- Interestingly film shooting units of Hindi as well as regional films is one of the regular customer base and they generally have a long stay.
- Marriages / parties / conferences are also one of the reasons for occupancy in Hotels throughout the year.

Room Rents Of Some Major Hotels In Satara

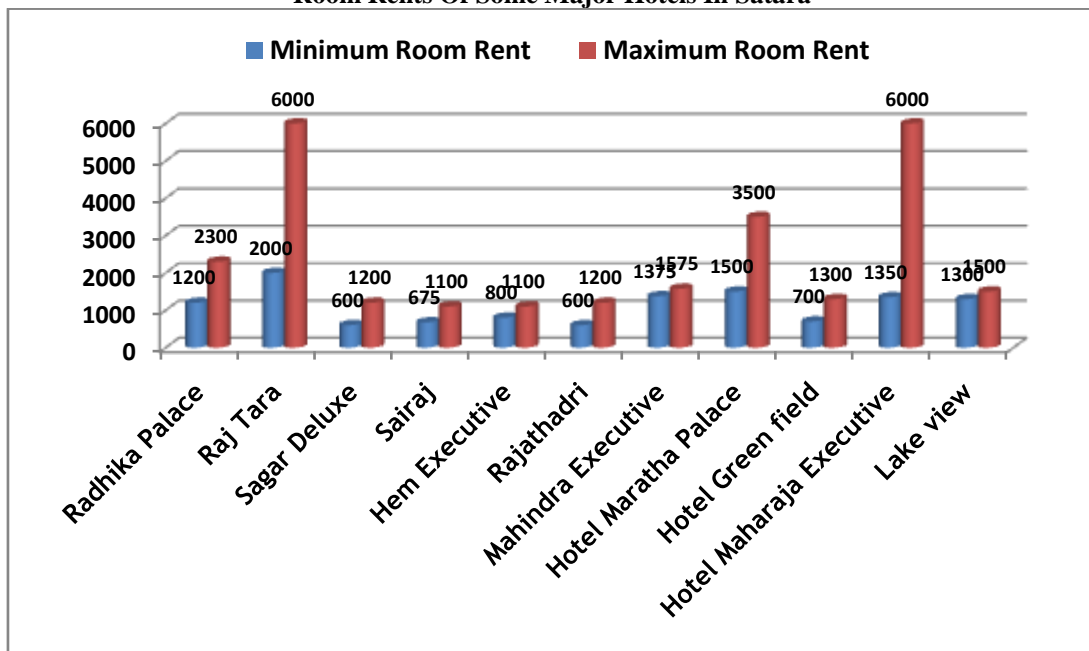


Chart 1: Minimum and Maximum room rents of major hotels in Satara (Source: Primary Study)

Average Annual Occupancy for hotels in Satara

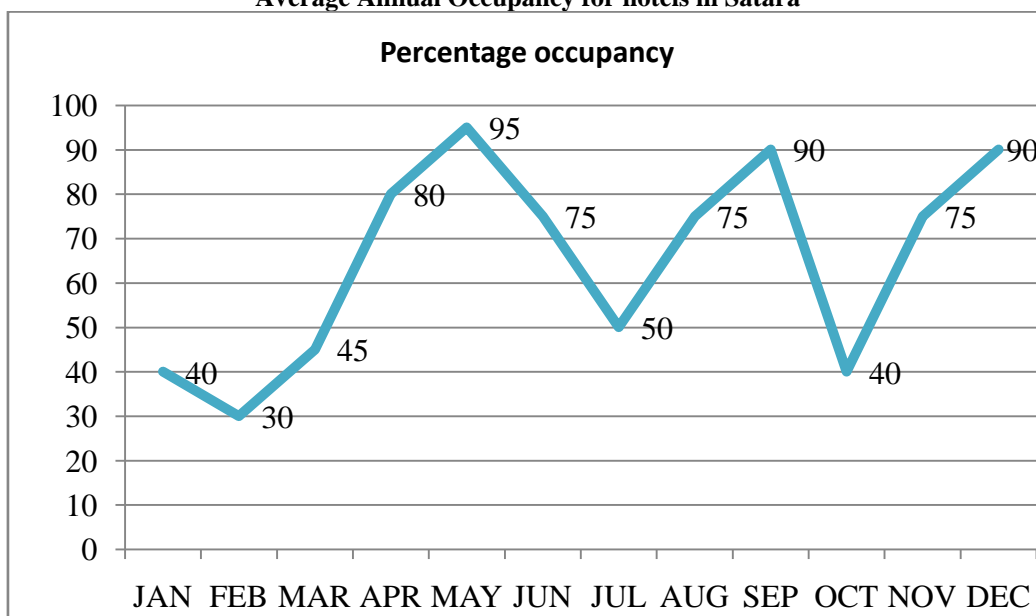


Chart 2: Average Occupancy in hotels of Satara (Source: Primary Study)

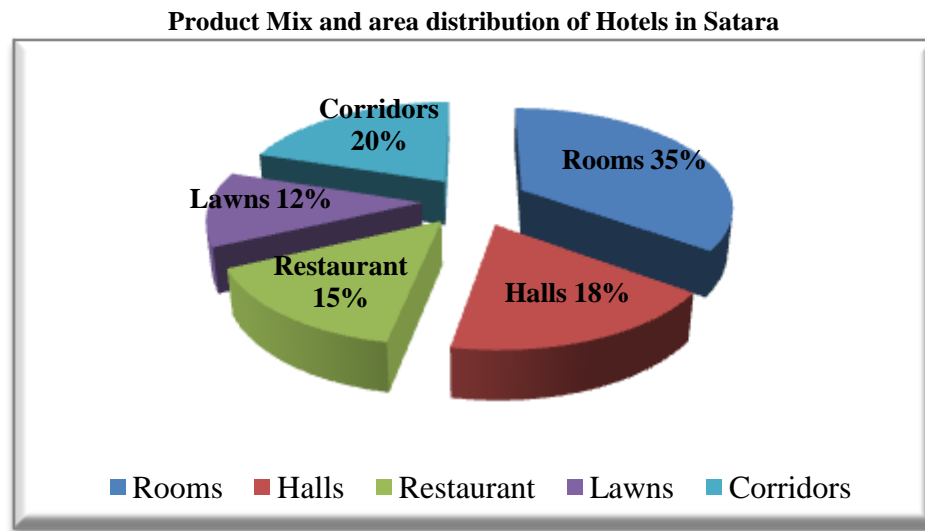


Chart 3: Product Mix Design (Source: Primary Study)

IV. Observations And Conclusions

The above analysis clearly shows that there is a potential for a good hotel with standard facilities, as seasonal demand is very high. Following observations and conclusions were derived from the study;

- For the business class, hotels are generally booked by the company depending on the employee profile
- For Managing directors, chairmen and VIP's, companies generally make arrangements in hotels like Maharaja, Maratha palace in Satara, these hotels run almost full throughout the year.
- Many tourists/businessmen choose hotels which they have been staying at from past many years
- Main demand for hotels is for the business class visiting the MIDC sector of Satara for business, conferences, workshops, training sessions, audits etc.
- Film shooting units are one of the regular customer base and they book hotels for 2-3 months for their crew and set teams.

V. Recommendations

- A standard hotel with 25-30 rooms will be a feasible option.
- Average room rent for a proposed hotel should be kept in the Range of Rs.2000/-
- Complimentary breakfast package can be introduced.
- Tourist packages will attract more tourists to stay in Satara compare to Mahabaleshwar
- Pick and Drop facility should be given complimentary for the Business clients
- Corporate Discounts should be introduced
- Networking with film production units will give a consistent business even during the non peak seasons.
- Facilities like Lounge and Swimming pool will attract more tourists.
- Restaurant should provide local as well as international cuisines to attract local population.
- Online booking facility and tie-ups with Agents required.
- Organized customer retaining policy should be adopted.
- Marriage Hall and Party lawn will increase the Operational Revenues.