Cambridge Assessment International Education

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BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2023**

1 hour 15 minutes

8591298724

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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Riches Hotels and Resorts (RHR)

RHR was set up in 1965 by Gabriel Riches. It owns hotels around the world, which offer 'all-inclusive' holidays that include accommodation and all food and drink. RHR targets the luxury holiday market for adults.

RHR's mission is to deliver a high-quality experience in every aspect of its service.

Timeline of RHR

1965–1994	Gabriel grows the business across several European locations.
1995	RHR becomes a private limited company. A marketing objective is set to develop a pan-global brand and gain market share. RHR collaborates with a global travel agent which takes a 49% stake in RHR. The two businesses will work together to market RHR's holidays.
1996–2008	Internal growth achieved by opening new hotels in the US and South America.
2009–2010	A global recession significantly reduces sales. RHR launches a website to allow customers to book holidays and leave reviews.
2011	Gabriel retires, his daughter Carmen takes on the role of Managing Director, and his son, Juan, becomes Marketing Director. Carmen produces a report on the company (see **Appendix 1**).
2012–2014	The RHR app is launched by Juan (see **Appendix 2**). No investment is made in new locations.
2015–2016	Juan carries out market research into the tourism market in Asia (see **Appendix 3**).
2017	RHR opens its first hotel in Asia.
2018–2020	Three more hotels open in Asia.
2021	RHR uses external finance to buy back the 49% stake held by the global travel agent (see **Appendix 4**).

Developing a new business strategy

Carmen considers that there are few growth opportunities in RHR's current market. Instead of opening more hotels targeting the holiday market, she wants to target business travellers by opening hotels located in city centres around the world.

Carmen has identified RHR's current core competencies:
- Human resources – strong leadership and communication
- Marketing – high levels of customer loyalty
- Operations – delivering an outstanding customer experience.

Carmen plans to use this core competence framework as the only approach to develop the new business strategy. Juan suggests that other approaches may be useful.

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Appendix 1: Extract from Carmen's 2011 report

- 82 hotels in 18 countries in Europe.
- 18 hotels in the US and South America.
- The global travel agent continues to promote the new locations in a global campaign.
- RHR has a central marketing budget to focus on its branding and quality.
- 40% of customers use RHR's website to book holidays.

Appendix 2: Features of the RHR app launched in 2012

RHR's new app allows customers to book holidays at any of RHR's global locations. It compares the features of each hotel and allows customers to purchase additional spa and beach activities. Users of the app earn loyalty points which can be redeemed at any RHR hotel.

Appendix 3: 2015 Market research on tourism market in Asia

Juan's secondary research on tourism found a report that suggested over 104 million tourists visited Asia in 2014. This market had an annual growth rate of 8%.

Juan commissions primary market research to identify possible hotel locations.

Appendix 4: 2021 Press release – RHR ends collaboration

After significant growth RHR has taken back full control of the company. As a result of buying back the 49% stake held by the global travel agent, RHR hopes to become more dynamic in responding to market changes. RHR will focus on direct selling and promotion.

Answer **both** questions.

1 Evaluate RHR's marketing strategy between 1995 and 2021. [20]

2 Advise Carmen on whether the use of a core competence framework is sufficient to develop a successful new business strategy for RHR. [20]

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