

# Heartland Country Resort



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Kendra Cook  
Owner/Innkeeper  
Heartland Country Resort  
[heartlandcountryresort@gmail.com](mailto:heartlandcountryresort@gmail.com)

# Heartland Country Resort

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# Heartland Country Resort

## Executive Summary

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Heartland Country Resort (Heartland) is an established, A-plus-rated, rustic luxury bed and breakfast (B&B) with a 20-year reputation for providing a restful and relaxing retreat experience for guests. After taking possession of the property, Kendra Cook will revitalize the resort with new amenities and activities, ensuring a steady flow of guests (local and tourists). Boosting brand awareness among those who have not yet experienced this year-round paradise will position Heartland in maintaining an above-average occupancy rate, as well as boost profits.

Ms. Cook will own and operate Heartland as a sole proprietor. She will reside on the property while managing and maintaining the B&B, thereby satisfying the licensing requirements within the village of Fredericktown, Ohio.

### Market Outlook

According to the Professional Association of Innkeepers International (PAII), travel research leader YPartnership uncovered a strong interest among vacationers interested in staying at B&B properties – 79 percent indicated a desire to stay at B&B resorts.<sup>1</sup> This is promising news for Ohio's 55 lodging facilities classified as B&B establishments.

### Objectives and Keys to Success

Ms. Cook has set the following goals for the next **six months to three years**:

- In Year 1, establish relationships with local churches, non-profit organizations, and colleges; offer the location as a facility to host events.
- Increase Heartland's average monthly occupancy rate from 21 percent to 35 percent by June 2014 and remain steady with an occupancy rate of 45 percent during peak season (June through August) of Year 1.
- Develop a schedule for youth camps (targeting troubled youth) by January 2014; ideally hosting the resort's first troubled youth camp by the summer of 2014 (This would be in addition to the resort's existing horse camps).

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<sup>1</sup> Professional Association of Innkeepers International, "Bed and Breakfast Industry Reports Healthy Figures through Tough Economy." Retrieved November 6, 2013 from <http://www.innkeeping.org/news/77484/>.

## Heartland Country Resort

- Host Alpha Organization classes to expand local awareness of the resort and strengthen families locally. Classes will start in the fall or winter of 2014 and will include:
  - "Alpha Course"
  - "The Marriage Preparation Course"
  - "The Marriage Course"
  - "The Parenting Children Course"
  - "The Parenting Teenager Course"
- Establish and market catering services for small gatherings for local patrons, such as bridal parties and corporate luncheons, with plans to expand into large group catering services by January 2015. Ms. Cook will fulfill all licensing requirements and adhere to all inspection guidelines set forth by the Ohio Department of Health.
- Focus on implementation of an offline and online marketing strategy from January 2014 to January 2015. From 2015 to 2018, Ms. Cook will assess her efforts and develop annual marketing plans to continue building brand awareness. In 2018, she may consider outsourcing the marketing function depending upon resort profitability.

Over the next three to five years, Ms. Cook plans to:

- Assess Heartland Stables Inc. and pursue ownership if the property demonstrates profit potential (Based on an existing agreement, Ms. Cook will receive 10 percent of all revenue generated from guests who purchase horseback rides from Heartland Stables Inc.).
- Renovate/upgrade the Heartland facilities as the budget allows.
- Continue to solicit patron testimonials to generate "word-of-mouth" buzz about the resort's new amenities.
- Provide mobile catering services for local corporate and private events not hosted at Heartland, including, but not limited to, funerals, and home-based baby showers and birthday parties.
- Retain service-focused cleaning staff.

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**What is Heartland's core competitive edge?** No competitor in the area can offer the charm and rustic luxury setting guests will find at this B&B resort. Ms. Cook has stayed in a range of lodging facilities and knows how to create an attractive, unforgettable lodging experience by doing the following:

- Serve customized gourmet meals to all guests (meeting all dietary needs such as organic, vegetarian, and gluten-free requests).
- Offer a personable, engaging environment.
- Provide impeccable guest service.
- Offer a relaxing setting that blends the amenities of an upscale resort with the quaintness and charm of a traditional B&B.

## Financial Considerations

Heartland will be acquired using a commercial loan with the buyer supplying 20 to 35 percent down. Ms. Cook assumes \$XX to \$XX will be needed in initial operating expenses. She has \$XX of cash on hand to assist with startup costs and the 2014 off-season.

Ms. Cook estimates average monthly fixed costs of approximately \$7,600 for expenses plus interest payments. Peak and off-season fluctuations will significantly affect monthly earnings. For the first year, on-season revenues and the expansion of services will offset off-season losses. In addition, she is purchasing the nine-acre hay field from the owner of Heartland, which will create approximately \$XX per year in revenue from hay sales.

As Heartland continues to boost brand awareness among local patrons, off-season revenues will increase, allowing Ms. Cook to, at a minimum, break even during slow times.

# Heartland Country Resort

## Business Structure and Management

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Heartland will operate as an owner-occupied business. The nearly 4,000 square-foot property sits on 6.76 acres and features three guest rooms, five guest bathrooms, and an owner's quarters. Nestled in a peaceful, secluded setting, this well-established, quaint resort is a great investment.

As mentioned, Ms. Cook will serve as innkeeper and reside on the property while performing day-to-day management tasks. She will hire a staff member to clean and maintain the property. Additional hiring will occur on an as needed basis to maintain the resort grounds and lodging facilities.

### **Mission**

Heartland will refresh and transform the stress of daily life by providing a tranquil getaway country experience. Guests in need of restoration, relaxation, and inspiration will be fulfilled and comforted through intimate interaction with the resort's animals and serene, natural landscapes.

### **Management**

Running a B&B is a "people business." Ms. Cook's infectious personality and passion for people, nature, and animals makes her the perfect buyer and innkeeper for Heartland. As a bonus, she is also a great cook and loves to entertain. With these traits and skills, Ms. Cook is sure to make every guest feel right at home. Please refer to the attached résumé for additional information about her background and skills.

### **Resort History**

Heartland started in 1994, when owner Dorene Henschen set out to share her love of animals, nature, and farm life with others. Today, approximately two decades later, the resort stands as one of the area's top B&B locations. Heartland has earned an A+ rating from the American Bed and Breakfast Association, and is the proud recipient of numerous awards including the Best Horse Lover's Inn, People's Choice Award, and Best Children Friendly Inn.

Ms. Henschen maintained a nearly 95 to 100 percent occupancy rate when the facility was actively promoted. While she poured her heart and soul into Heartland early on, she admittedly has not actively marketed the resort in more than 10 years, which has led to a much lower occupancy rate of approximately 21 percent annually.

# Heartland Country Resort

## Services Summary

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Nestled in the heart of nature, this property offers great potential. Ms. Cook will outshine competitors by offering gourmet, home-cooked meals for breakfast and dinner (included in the room rate), in-room massage therapy services, and the character and charm of staying at a “best friend’s” home. Whether guests need a good listener or a few words of encouragement, they can count on Ms. Cook to provide an inviting, friendly atmosphere.

Heartland will go above and beyond amenities provided at other local B&B inns by offering a fun, yet tranquil experience. Guests can enjoy billiards, badminton, a petting zoo, horseback riding and lessons, horseshoe pits, nature walks, the campfire pit, and more. At the Heartland Stables, guests can ride through scenic, wooded trails or take lessons. Horseback riding will be available year round. Ms. Cook will receive 10 percent of all revenue generated from guests who purchase horseback rides from Heartland Stables Inc.

Whether seeking a great place for a family vacation, a romantic getaway, or an unforgettable location for a wedding or business conference, Heartland’s new list of amenities and activities are sure to provide a truly unique experience for every patron.

Like most other inns, the Heartland common area will offer wireless Internet access, magazines/newspapers, hot/cold beverages, a fireplace, full kitchen and television. Guest rooms will be equipped with luxury bed/linens (Egyptian cotton sheets), premium brand toiletries, and spa tubs.

### **Risks/Challenges**

One of the greatest challenges Ms. Cook faces will be to boost brand awareness in the local residential and business community. With effective advertising and promotion, Ms. Cook will overcome this challenge and attract enough patrons to cover operating expenses.

# Heartland Country Resort

## Market Analysis

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The U.S. Census Bureau categorizes the B&B industry as one that includes establishments focused on providing short-term lodging in private homes or small buildings converted for this purpose.<sup>2</sup> These inns offer highly personalized service and include the cost of a full breakfast in the room rate.

### B&B Industry Outlook

According to the PAIL, the B&B industry carries an estimated value of at \$3.4 billion.<sup>3</sup> This estimate includes the 15,000 inns located across the United States as well as the products and services required to provide the high-quality services that B&B patrons have grown to expect. In a recent national industry study, PAIL found that U.S. B&Bs experienced a median occupancy rate of 43.7 percent and typically charged \$150 per night, generating a per room revenue of approximately \$58.<sup>4</sup>

### Competitive Analysis and Buying Patterns

Memory Lane Bed and Breakfast, Russell-Cooper House, and the Mount Vernon Inn have been identified as top competitors. While guests visiting these locations will enjoy a variety of amenities, the experience will be much different from that offered by Heartland.

- **Memory Lane Bed and Breakfast** (<http://www.memorylanebedandbreakfast.net>) is located in Mount Gilead, Ohio. Heartland guests have the convenience of having dinner right at the resort without the hassle of driving to find a restaurant. This competitor does not offer in-room massage therapy services or a comparable list of guest activities.
- **The Mount Vernon Inn** (<http://www.themountvernoninn.com/>) is a modern B&B located in Mount Vernon, Ohio. Like the others, this inn does not offer as many amenities and activities for guests as Heartland.

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<sup>2</sup> U.S. Census Bureau, American FactFinder. Retrieved November 6, 2013 from <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>.

<sup>3</sup> Professional Association of Innkeepers International. Retrieved November 6, 2013 from [http://www.innkeeping.org/?The\\_Industry](http://www.innkeeping.org/?The_Industry).

<sup>4</sup> Professional Association of Innkeepers International. Retrieved November 6, 2013 from [http://www.innkeeping.org/?The\\_Industry](http://www.innkeeping.org/?The_Industry).



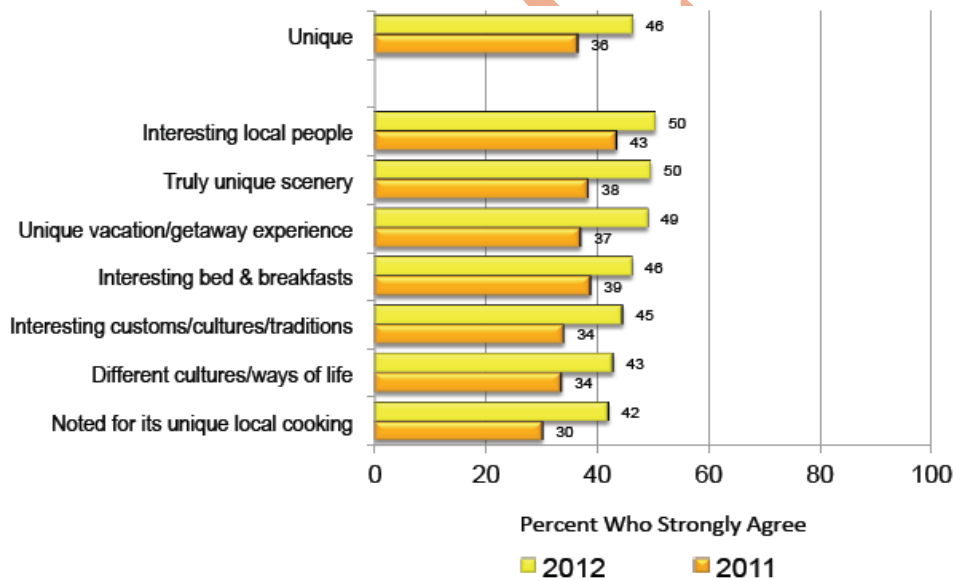
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- **Russell-Cooper House** (<http://www.russell-cooper.com/>) is located in Mount Vernon, Ohio and is a traditional B&B. This facility also does not offer dinner for guests, in-room massage therapy services, or a comparable list of activities.

## Competitive Analysis and Buying Patterns

According to the U.S. Census Bureau, 2007 Economic Census, 23,951 Ohio businesses were categorized in the accommodations and food services industry. Fifty-five of these were classified as B&B properties, which collectively generated approximately \$15 million in annual revenue.<sup>5</sup>

Longwoods International reported in a 2012 study that 46 percent of those surveyed agreed that Ohio's interesting B&B resorts attracted them to visit/vacation in the state.<sup>6</sup> This is up from 39 percent in 2011. This information was derived from a survey of Ohio tourists conducted by Longwoods International. Of those 5,230 individuals the researcher identified as overnight Ohio visitors, 916 responded to the survey.



**Figure 1: Reasons Travelers Gave for Visiting Ohio**

<sup>5</sup> U.S. Census Bureau, 2007 Economic Census. Retrieved November 6, 2013 from <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>.

<sup>6</sup> Longwoods International. Retrieved November 6, 2013 from [http://industry.discoverohio.com/wp-content/uploads/2013/08/OHIO-2012-Visitor\\_Final.pdf](http://industry.discoverohio.com/wp-content/uploads/2013/08/OHIO-2012-Visitor_Final.pdf).

## Marketing and Sales Strategy

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Ms. Cook is determined to create the very best experience for every Heartland guest. As a top-rated, furnished turn-key operation, she will be able to invest more time and money into the extra amenities that will create that “wow” factor – outshining other B&B properties in the area.

Some local resorts do not serve dinner, thereby forcing patrons to oftentimes travel nearly 20 miles to the nearest restaurant. Heartland will serve gourmet meals for breakfast and dinner, fitting for any appetite and diet restrictions. This is just one of the many extras that will distinguish the resort as an exceptional lodging location.

With the right exposure, Ms. Cook is confident that an untapped market of local patrons and national vacationers can be enticed to stay at Heartland. Maintaining active and updated listings on various online B&B directories, such as BedandBreakfast.com, TripAdvisor, and BBOonline, will help boost exposure of this year-round paradise nestled in a secluded area of Ohio. Recognizing that not all B&B patrons are Internet-savvy, her marketing plan also includes implementation of various offline tactics, such as participation in local trade shows and the distribution of printed marketing materials.

### Target Market

According to the Longwoods International 2012 survey of Ohio visitors, women made up 51 percent of all Ohio overnight travelers, which is just 3 percent higher than the national average. The typical age of overnight Ohio guests was 42.3, the same as the national average. Eighty-four percent of last year’s overnight guests in Ohio were families of four-plus members. In addition, 48 percent of all respondents were full-time employees/self-employed with a household income of \$50,000 to \$74,900.<sup>7</sup>

These statistics align with our target demographic of middle-class couples between the ages of 40 to 65. Heartland will cater to the needs of weekend travelers, honeymooners, wedding parties, family gatherings, and couples’ retreats. As mentioned, corporate patrons, nonprofit organizations, and youth groups will also have access to rent Heartland facilities for meetings, camps, and events.

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<sup>7</sup> Longwoods International. Retrieved November 6, 2013 from [http://industry.discoverohio.com/wp-content/uploads/2013/08/OHIO-2012-Visitor\\_Final.pdf](http://industry.discoverohio.com/wp-content/uploads/2013/08/OHIO-2012-Visitor_Final.pdf).

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## Marketing Strategy



**Figure 2: The Four Ps of Marketing**

### **Product/Service**

Heartland is a rustic luxury lodging facility in Fredericktown, Ohio, designed to provide guests with a calming environment, upscale amenities, and peaceful surroundings at reasonable rates.

### **Price**

After taking possession of the property, Ms. Cook will set rates for continued profitability and value to the market. After researching competitor offerings and price points, she has decided to maintain the existing rate structure.

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## Place (Distribution)

Heartland is located at 3020 Township Rd. 190 (3020 Chesterville Sparta Rd.), Fredericktown, OH 43019.

Situated in the beautiful, rolling countryside of eastern Morrow County, Ohio, the resort sits just off I-71, an hour north of Columbus. While in close proximity to numerous attractions, Heartland is ideally located for guests looking for a relaxing, peaceful escape from city life. The table below highlights the short distance to Heartland from major cities in Ohio.

Major Ohio City	Distance
Columbus	50 mi.
Akron	87 mi.
Cleveland	97 mi.
Youngstown	134 mi.
Cincinnati	195 mi.

*Figure 3: Distance to Heartland from Major Ohio Cities*

## Promotion

Heartland's maturity makes it ideal for a pull promotional strategy which focuses on word of mouth referrals, sales promotions and discounts, and testimonials from existing patrons.

Ms. Cook will use both online and offline marketing methods. Please see below for a listing of marketing tactics that will be used to promote Heartland.

### Online Marketing Strategy

#### *Website Marketing and E-Commerce*

Ms. Cook will take over management of the existing website and will use it to promote the resort to Internet shoppers. The site provides product descriptions and reservation capabilities to offer patrons a full, online browsing and shopping experience. She will update the site's content and functionality to deliver a clear and consistent message to the market.

#### *Other Online Promotional Activities*

- **Social Media Marketing:** Ms. Cook will develop a strategic social media marketing plan. She recognizes the long-term benefits of social media and will choose platforms on which to engage wisely and slowly to ensure effective use of her resources.

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- **Patron Testimonials:** Ms. Cook will build on the resort's existing A+ rating from the American Bed and Breakfast Association and continue to solicit guest feedback. She will also ensure Heartland maintains an active presence on other similar sites, such as Google Reviews and TripAdvisor.
- **E-mail Marketing:** Ms. Cook will start a subscriber-based e-mail marketing campaign to stay connected with local and national patrons.

## **Offline Marketing Strategy**

A diverse marketing mix is most effective in reaching target audiences. Therefore, Ms. Cook will use both online and offline marketing tactics. Her offline marketing strategy includes:

- **Brochures/Flyers:** Distribution of informational (postcard) brochures and flyers via a targeted direct mail campaign.
- **Press Releases:** Distribution of press releases highlighting news about Heartland amenities, discounts/packages, and special events. Press releases will also be shared online.
- **Exhibitions:** Ms. Cook will participate in industry trade shows and events, associations, workshops, and seminars to not only promote our services, but also to stay abreast of B&B industry trends.

Ms. Cook will contribute at least 2 percent of the resort's gross sales to cover marketing expenses. She will regularly review this plan to ensure alignment with patron needs and resort goals.

## **Sales Strategy**

Heartland will rent rooms directly to guests as well as through traditional travel agents and via the Internet. Ms. Cook will handle all reservations, offering special packages and rates for repeat patrons and business/large groups. She will also maintain active, updated listings on top online B&B and travel directories to boost brand awareness, making Heartland accessible to millions of local and national tourists.

Heartland will also offer year-round opportunities for nonprofit organizations and youth groups to rent the facilities for camps and group outings.

## Financial Projections

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Please see below for 2014 and 2015 financial projections.

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