

A STUDY ON EFFECTIVENESS OF MARKETING STRATEGIES IN HOSPITALITY INDUSTRY

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ABSTRACT

The purpose of this study is to gain a better understanding of the present marketing strategies and the effectiveness of digital marketing in the product promotion in hospitality industry with special reference to one of the five star hotels in Kochi. The study explores various online tools used by the hotel for marketing. One of the main objectives of the study was to find if active advertising result in increased sales. For this purpose, a hypothesis was set and the findings of the study suggest that the hypothesis is true. The methodology used for the study includes descriptive, analytical as well as quantitative techniques. The results presented in this study will help one to understand the tangible benefits of marketing efforts and the various digital marketing tools used in hospitality industry.

Key words: *digital marketing, hospitality industry, marketing strategy, social media marketing.*

I. INTRODUCTION

Marketing strategies have evolved over the years. With the arrival of information technology in the field of business and communication, marketing techniques have taken a new turn. It has become the need of the hour to understand the changing trends in marketing and to measure its reach amongst customers. Now the era of digital marketing is going on around the world.

By 2010 itself the signs were shown of high interactions of consumers with the organization. Valos and his co- researchers found out in 2010 that the online audience is more linked to the organization in an interactive two-way communication process [1]. In hospitality industry, Digital marketing is of great significance, because, most of the hotels, especially luxury hotels, target people from around the world. In order to reach them something more global is essential. New trends in marketing such as SEO, Tripadvisor website, Facebook etc. help the businesses to reach their customers in any nook and

corner of the world. The study was conducted to gain a better understanding of the present marketing strategies and the effectiveness of digital marketing in the product promotion in hospitality industry with special reference to one of the five star hotels in Kochi.

II. LITERATURE REVIEW

In the case of hospitality industry, marketing is not really an activity separate from operations but, rather, an integral part of it, especially at the unit level of the hospitality industry.

The marketing scenario in all industries has been evolving over the years. The success of industry depends on how the players adapt themselves to the changes in trends. According to Frith, Marketing vehicles have lifecycles; what worked one time won't work the next. So it is inevitable to embrace the changes.

As Alistair Williams, in his article 'Tourism and hospitality marketing: fantasy, feeling and fun' put it, "the tourism and hospitality sectors cannot be seen to be immune to fundamental changes in the orientation of marketing. Innovative experience design will become an increasingly important component of tourism and hospitality company's core capabilities. Those who go beyond service excellence and market experientially will lead the creation of value in the sector." [2]

Rowley in 2001 itself recognized that the omnipresent nature of the Internet and its worldwide access has made it an extremely effective mode of communication between businesses and customers. [3]

III. STATEMENT OF THE PROBLEM

The report is composed to check the marketing strategy of Le Meridien Hotel in Kochi. The marketing effort of hotel Le Meridien alone is focused on the report. The project is an endeavor to understand the trends and measure the effectiveness of marketing strategy in hospitality industry.

IV. OBJECTIVES OF THE STUDY

- To identify the present marketing strategies of the company.
- To find, if the active advertising efforts result in increased sales.
- To suggest new strategies that could be used in the company.

V. RESEARCH METHODOLOGY

The methodology used in this study includes descriptive, analytical as well as quantitative techniques. Several short interviews were conducted with the sales and marketing associates of the company.

5.1. Research Design

- A continuous monitoring of the online performance of the company was done.
- The online ratings and performance of the hotel and its competitors were compared.
- To identify various marketing strategies used by the firm short interviews were conducted with the marketing team members and the data was recorded.
- Revenue details from various segments were collected from internal reports.
- Data were analysed using various statistical tools to satisfy the objectives.
- Findings and suggestions were recorded.

VI. HYPOTHESIS

H0- There is no correlation between marketing efforts and the sales of the company.

H1- There is a correlation between marketing efforts and the sales of the company

VII. DESCRIPTIVE DATA ANALYSIS

To understand more about the relation between sales and marketing efforts, only a few of the marketing tools were considered which are

- TripAdvisor
- Zomato
- Facebook
- Online and print media PR

The analysis of the above factors is just an indicator that how active the hotel is in various online platforms and how it stands among its competitors. For this purpose, I have conducted a continuous monitoring of the performance and activity of the hotel in various online areas for the three months from January 2017 to March 2017. The presence of the hotel in all the above mentioned fields is inevitable, for these are the online platforms with maximum customer interactions globally.

The hotel has got a total of 892 reviews from TripAdvisor community till 31st March 2017. It was rated 4 on a scale of 5 based on the reviews and is 2nd best hotel in its region. It has also got a certificate of excellence from the TripAdvisor Community. This certificate is given to accommodations, attractions and restaurants that consistently earn great reviews from travellers. The hotel has got 90 reviews from its customers for the months January and February 2017.

The study shows that Le Meridien is very active in TripAdvisor community. Hence the most number of reviews. Another interesting factor that was noticed during the 3 months monitoring was that they are very fast in responding to the customer feedback unlike most of its competitors. In fact, no one was left without a response for more than 2 days. Also, each and every reply was tailor made for the individual customers and it came directly from the CEO.

Though the rating of the hotel is a little less compared to its competitors, it does not hint at the underperformance of the hotel compared to its competitors. It may be because of the large number of reviews and varied ratings given by the customers. If one looks at the number of positive feedbacks for every month, this would be clear.

TripAdvisor reviews are so important because the hotel cites the positive feedbacks for promotion purpose in Facebook, twitter etc. This promotion technique acts as a powerful marketing strategy and also influence the people in choosing the hotel. The TripAdvisor activeness of the hotel also hints at transparency and commitment. Hence it is of vital importance.

The Facebook performance analysis of the hotel shows that the hotel uses very minimal paid boosts compared to most of its nearby competitors. But their posting frequency is better compared to the competitors, for they have a dedicated in-house marketing department.

However, when the number of likes were considered, it has become clear that the hotel is getting very less likes compared to its competitors. The minimum and the maximum number of likes are very less compared to others. This may be due to the highest number of paid boosts done by others. However this shows that the reach of the hotel's Facebook promotions are less and needs to be improved further.

The Zomato rating shows that the restaurants of the hotel are in a fair position. The rating in Zomato is very crucial, for Zomato is in a growing phase and soon to become an inevitable site to locate the good hotel nearby.

The hotel gives much importance to PR activities. The entire PR appearing in newspapers, magazines and online websites is tracked for each month and recorded to understand the total savings or benefit of the PR activity. Each square centimeter in newspapers is given a value and each site is given a particular value. I have collected the PR activities of the hotel for three months starting from January 2017 to understand the total value of PR and the PR in Digital and newspaper Media. The events, exhibitions, food fest etc conducted at the hotel reaches the customers mainly through these sources when the low reach of social media sites is considered. Hence PR is considered as one of the most important sources of marketing. This importance increases when the money thus saved is also considered.

Most of the PR saving for the hotel arises from print media. In fact, newspaper is the media with maximum customer coverage. It gives value savings in lakhs for every month. Almost 90% of the population goes through at least one newspaper, daily. The total value generated by PR for the three months is given above. However the digital PR data for the month of January was not available, hence not included. Every year PR helps the company to generate value without spending a penny. The savings generated goes up to crores of rupees every year. PR is one of the essential factors for marketing.

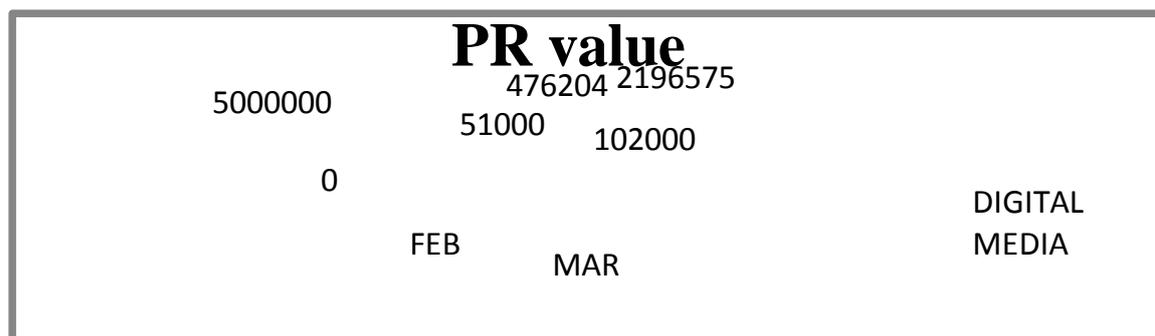


Fig. 1 - PR Values For February and March

The above mentioned strategies are the main promotional activities taking place at the hotel. Other strategies left out are the personal selling, selling through travel agents, trade calls, in-house marketing, loyal customer programs, hoardings, e-mail marketing, Pay Per Click, SEO etc. Only the tools which are considered most important is taken into consideration for the study. Since almost all the main advertising strategies are discussed, let us find out if there is any relation between marketing and increase in revenue. The finding out of any such relation means that the marketing is effective and hence the second objective of the study will be satisfied.

The following tables show the revenue from the hotel’s restaurant and the customer turnout during promotions. The data includes the F&B sales figures for three months and the normal cuisine for which no advertising is done along with special food fests for which additional promotions are done through various Media.

Table 1 - F&B Revenue Analysis

MONTH	AVG REVENUE WITH PROMO	AVG REVENUE WITHOUT PROMO
JAN	107066.66	53205.26316
FEB	60060	40944.44
MAR	63433.33	36589.4736

Table 2 – Customer Turnout Analysis

MONTH	AVG TURNOUT WITH PROMO	AVG TURNOUT WITHOUT PROMO
JAN	97.3333	48.3684
FEB	54.6	37.2222
MAR	57.6666	33.2631

The above tables make it clear that the average turnout and the average revenue is more when promotion is done. The promotion for the three months included food fests for which advertisements

were done through social media, PR, and other online sites. The rise in revenue for those days clearly shows that the advertisements have reached the intended customers.

For the above analysis, only the data for F&B service were included. However to know the overall effect of advertising on total sales, other sectors are also to be included. For Le Meridien, revenue from F&B is only second to the revenue from banquet events. The advertisement for banquet events is comparatively less in social media. It is just 2 or 3 posts about the convention centers once in a month. The promotion is mostly done through personal selling where associates go on daily rounds to meet big corporate clients and give special offers for the meetings and conferences that will be conducted at the hotel. Another mode of promotion is through wedding promotion videos and photography.

Pearson correlation is used in this study to find out if any correlation exists between the two variables of existence of promotion and the total number of customers. The 'yes' and 'no' variables are given the values '1' and '0' respectively. The Pearson correlation evaluates the linear relationship between two continuous variables.

TABLE 3 - Correlation test for the relationship between the existence of promotional activities and the customer turnout

PROMOTION	CUSTOMER TURNOUT	SIGNIFICANCE
JANUARY	0.681	0.000
FEBRUARY	0.637	0.000
MARCH	0.678	0.000

The significance level is less than 1 percent level. The correlation coefficient is positive and highly related which implies that the hypothesis is true. Therefore the marketing efforts and sales at the hotel are highly and closely related.

VIII. FINDINGS

The study has proved that there is a direct relationship between marketing and sales. Though the variables were controlled, tangible results were received. Another noticeable factor was that the hotel is more active in social media compared to its competitors which help it to gain customers without spending a large sum. Also, Le Meridien has got the most number of TripAdvisor reviews compared to its nearby competitors which is a result of high level of interaction by the hotel in this platform. However, the reach of social media advertising is less because of the lack of Paid boosts by the hotel. The hotel believes in unpaid advertising or organic boosts. While considering the Zomato rating, it was found that the restaurants in the hotel are fairly rated which is a good motivation for potential

customers. PR through print media is one of the main tools of marketing for the hotel. The hotel has got a good relation with the Digital and Print media which help them to reach their customers without much delay and effort. The hotel has got tailor-made marketing strategies for the promotion of its various segments which help them earn a fair revenue from each segment.

IX. CONCLUSION

Unlike other industries, the hospitality industry has got some special marketing tools which are unique like TripAdvisor reviews and Zomato ratings. The study has proved that the marketing efforts are really of use. It is generating tangible benefits which can be understood even by a layman. In the case of Le Meridien Kochi, they believe in spending less but achieving the target. They do this through strong industrial and public relations.

However the long run effect of this strategy is doubtful, for there are new competitors entering the market with advanced marketing tools. If the number of competitors increases, the almost-passive strategy may backfire in the near future. But if they market the property properly, the resulting profit will be astounding, for the hotel has a lot of content to sell.

Another noticeable factor is that the marketing resources are not evenly spread over different market segments. If this is taken care of, this would create additional revenue, for sure. The core purpose should be the increase in visibility. Since they have got a company ground and the advantage of first entrant into the market, even a slight increase in the marketing efforts would draw people's attention.

9.1. Suggestions And Recommendation

- A fixed amount should be allocated for marketing to be carried out.
- Advertisements should be evenly spread out among various market segments.
- Though the target customers are the affluent group, the ads can be included in televisions also, for the income level in India is on a rise.
- More contents are to be identified for marketing.
- Marketing techniques like SEO and QR codes should be developed.

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