

A STUDY ON MARKETING MIX OF HOSPITALITY INDUSTRY

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Abstract:

Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. The hospitality industry includes many sectors like Hotels, Hostels, Motels, Amusement park, Heritage Qilas, Restaurants, Bars, Cafés, Nightclubs etc. The Indian hotel industry, being a direct beneficiary of the growth in the economy and the tourism industry, has also recorded strong growth over the past few years. India is ranked 42nd in the world rankings as per foreign tourism arrivals in the country. In 2012, India secured 12th position among 184 countries in terms of contribution of travel and tourism industry in GDP. Indian Government and Ministry of Tourism have contributed significantly to the development and growth of the industry by providing various tax holidays, policy measures and other supportive measures. Keeping all these things in the mind this specific study aims to get insight of marketing factors associated with hospitality industry which can be further improve to increase customer satisfaction and their loyalty.

Key words: Hospitality Industry, Hotels, Economy, marketing Mix, Tourism

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Introduction

Traveling for business and recreation is a need of today. Hotel industry is one of the major components of tourism industry which is one of the fastest growing industries today. The Standard Industrial Classification (SIC) (1968) defined Hospitality as ‘establishments (whether or not licensed for the sale of intoxicating liquors) providing meals, light refreshments, drink or accommodation (Jones, 1996). Knowles (1996:2) further describes the hospitality industry as ‘any combination of the three core services of food, drink and accommodation...a blend of ‘tangible and intangible elements - and the service, atmosphere and image that surrounds them’.

The important activities of a hotel include – (1) Direction (2) Reception (3) Provision of accommodation rooms/floors (4) Cuisine Meals and Refreshments (5) Restaurant (6) Bar (7) Bell to provide information to the guests (8) Entertainment and Recreation (9) Sightseeing (10) Transport facilities (11) Parking space (12) Swimming pool (13) Bathroom facilities (14) Lounge facilities (15) Garden (16) Shopping facilities (17) News stand (18) Tobacco and Cigarettes (19) Telephone (20) Television (21) Radio (22) Laundry and Cleaning (23) Telex service (24) Sporting installations, Tennis court, Golf and Squash (25) Installation for children (26) Banquet hall (27) Conference facilities (28) Convention facilities (29) Exhibition areas (30) Health club (31) Business centre etc.

Now a day, India is considered as a hub for medical tourists due to the growing popularity of traditional therapies like ayurveda, therapeutic massage, yoga and meditation among the tourists WTTC has named India as one of the fastest-growing tourist destinations for the next 10-15 years. From 11 million travelers in 2008, this figure is expected to touch 29 million visitors by 2018. India has been ranked the “best country brand value- for- money” in the Country Brand Index survey conducted by Future Brand, a leading global brand consultancy. India also secured second place in CBI’s “best country brand for history’ as well as appears among top 5 in the best country brand for authenticity and art and culture and the fourth best new country for the business. Certain measures like VISA on arrival scheme by the Government of India have a positive influence on foreign travelers. Significant developments in the field of transportation and communications, growing importance of sophisticated information technologies in the business scenario, viable changes in industrialization and urbanization, increasing share of

corporate sector contribution in national and international economies, and changing lifestyles are certain reasons paved avenues for the growth of hotel industry all over the world.

With the influx of international brands, the customers experienced a large variety of product options and facilities. Better education level, increasing awareness, an upward trend on spending on leisure activities and increasing blend of business travel with leisure travel compel Hotels management to understand the importance of marketing elements from the customer's context and develop competitive advantage by focusing on those elements of marketing mix accordingly.

Review of Literature

The hotel product is primarily a mix of five characteristics: its location, its mix of facilities, its image, the services it provides and the price it charges (**Holloway and Taylor, 2006; Page, 2003**). Tourism is a complex economic activity which has multiple linkages to a wide range of other economic activities, thus having a multiplier effect and a potential to act as a catalyst for economic development (**Vellas, 2002**). The expected growth of the industry in future has provided its players with an opportunity to invest in new technologies such as digital menu card, CRM tools and latest security systems and to venture into nice tourism segments like eco tourism, medical tourism, wild tourism, star cruise etc. in today's scenario the visitors are not satisfied with the core product and services provided by the hotel but they also look after other products and services, Security, complaint treatment and front desk facilities are the prime factors to influence the satisfaction level of guests in five star and five star deluxe hotels. (**Kumar, Dr. Sanjeev, 2013**)¹. **Hosamani, Dr. A.P. and Vadiraj, J.S.(2013)**² suggested travel agencies to take the help of social media and travel portals because enthusiastic travelers are more interested to look hotel rating & reviews, e-word of mouth, mode of travel and cost on internet before confirming their vacation plan. The hotel management should also encourage their customers to post their reviews and ratings to attract more visitors. **Gill, A.K. and Gill, S.S. (2012)**³ used GAP model in their study and emphasized importance of written feedback, close

¹ Kumar, Dr. Sanjeev(2013), "Do the facilities matters in Guest Satisfaction : A study of hotel industry". S S International Journal of Economics & Management. ISSN No. 2231-4962

² HOSAMANI, A., & Vadiraj, J. S. (2013). An Empirical Study on Customer Engagement Practices in Tourism Industry. International Journal of Marketing & Human resource Management. Vol. 4(1) ISSN 0976 – 6421

³ Gill, A. K., & Gill, S. S.(2012), "Quality of Service in Hospitality Industry: An Empirical Study". World Review of Business Research 2(3) Pp.162 –173

relations with its guests and listen the complaints and problems calmly to close GAP 1. For closing Gap 2 and 3 the management should improve its interior part and install more signage at suitable locations. Through advertising in newspaper and other media, loyalty programs, customer retention, participating in fairs and seminars the changing need of the customers can be satisfied.

Kumar, Dr. Sanjeev and Malik Sandeep (2013)⁴ concluded that check-in/check-out facilities supported by concierge facilities, reservation services; hotel ambience, staff politeness and friendly behavior influence the satisfaction level of guests whereas the location of hotel is not as much important as front office department services. **Anju Maharajan(2012)**⁵ suggested modify the process; use differential pricing, off season tour packages for local, domestic and international visitors, and create new attractions, events, food festival, concerts because fully room booking is not only a single source of revenue generation.

Sim, Mak and Johnes(2006)⁶ also supported hospitality and ambience as two important factors in a model of customer satisfaction and retention for hospitality industry. **Volbera, H.W. et. Al. (2006)**⁷ emphasize on innovation to design value added services by considering market, organization and resource based innovation.

Lasune, Dr. Suryakant⁸ suggested to involve the customer in the process of developing core and peripheral services which can help to increase word of mouth promotion and further can be supplemented by advertisement without lowering the prices and resulted in increase in sales, even he gave weightage to training programs for employees for good service delivery.

⁴ Kumar, S., & Malik, S. Relationship of Purpose of Visit and Guests' Satisfaction: A Study of Selected Indian Chain Hotels. Arth Prabhand: A Journal of Economics and Management, Vol.2(3) 2013, ISSN 2278-0629

⁵ Mahajan Anju(2012) Demand Fluctuation in Off season : Case Study of Summit Hotel, Lalitpur, Nepal. Thesis report submitted in Central Ostrobothna University of Applied Sciences

⁶ Sim, J., Mak, B., & Jones, D. (2006). A model of customer satisfaction and retention for hotels. Journal of Quality Assurance in Hospitality & Tourism, 7(3), 1-23.

⁷ Jansen, J.J.P., Vanden Bosch, F.A.J., Volberda, H.W.(2006), "Exploratory innovation, exploitative innovation and performance: Effects of Organizational antecedents and environmental moderators. Management science 52(11) pp. 1661-1674

⁸ Lasune, Dr. S., " Marketing strategies and quality management of five star hotels in order to improve its revenue with special reference to selected five star hotels in Mumbai" ABHINAV: Journal of Research in Commerce and Management; Vol. 1, Issue no. 4, ISSN No. 2277-1166

A report prepared by Corporate Catalyst India on Indian Tourism and hotel industry (2008) has stated that it is a boom time for India's tourism and hospitality sector. It was observed that meetings, incentives, conventions and exhibitions (MICE), backpacker, and B&B sectors are growing and characterized by burgeoning market demand, proliferation of specialist infrastructure, sector-specific education, training and dedicated development and marketing strategies. Increased attention to facilities development, assets management, market segmentation and use of new technologies will lead to new opportunities for this sector.

Objectives of the Study

- The objective of this research is to understand the concept of marketing mix in context of hotel industry.
- To study the various services offered by hotel industry

Main Body:

India is a large market for travel and tourism. The concept of travel and halting facilities is quite old in India because of its cultural diversity, natural beauty and ample natural resources, and rich historic heritage. In general, the attitude of the ancient Indians towards visitors was influenced by the 'Atithi Devo Bhavah'.

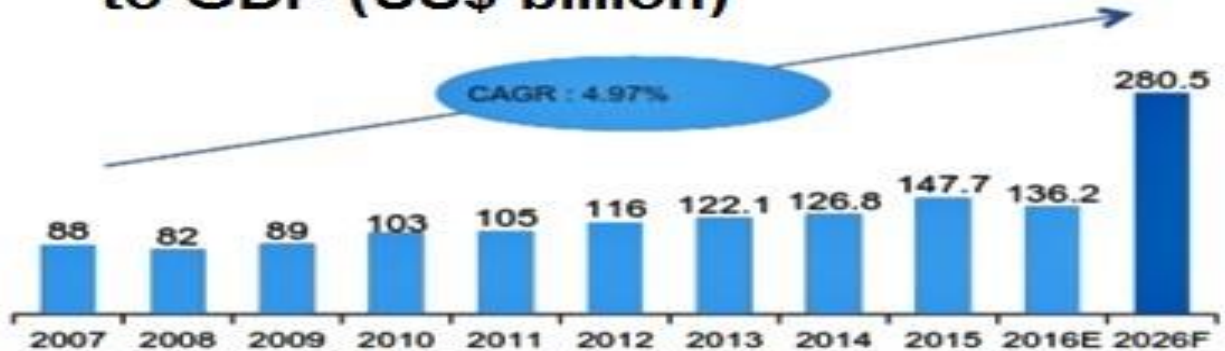
It means guest is like God and should be treated accordingly (R.N. Kaul). Therefore Domestic tourists were looked after by the pandas or priests. They used to accommodate their clients in dharamshalas or in their own houses at places of pilgrimage like Banaras, Haridwar, Puri and Mathura etc. Before the World War II most of the hotels in India were developed in such location those were frequently visited by British and Indian Aristocracy. The important hotels those were built under British rule are:

1. The Taj Mahal Hotel, Mumbai (1900)
2. The Grand, Calcutta (1930)
3. The Cecil Hotel, Shimla and Muree (1935)
4. The Savoy, Mussorrie (1936)

Mr. Pallonjee Pestonjee is called as the pioneer of the western style hotel in India who opened the first – western style hotel under the name of British Hotel in Mumbai in 1840. By the end of the nineteenth century, many western style hotels were established in India. At present Indian hospitality sector falls within the spectrum of travel and tourism that offers a diverse portfolio of niche tourism products - cruises, adventure, medical, & wellness, sports, MICE, eco-tourism, film, rural, spiritual and religious tourism. India has been also recognized as a destination for spiritual tourism for domestic and international tourists.

Total contribution by travel and tourism sector to India's GDP is expected to increase from US\$

Travel and Tourism's total contribution to GDP (US\$ billion)



Source: World Travel & Tourism Council's Economic Impact 2015, News Article, TechSci Research; Note: E – Estimated; The definition of direct, indirect and induced contribution is specified in the appendix

136.3 billion in 2015 to US\$ 275.2 billion in 2025. Travel and tourism is the third largest foreign exchange earner for India. A sum of US\$ 1.76 billion was earned under foreign exchange through tourism during the month of September 2016⁹.

Increasing numbers of foreign and domestic travelers, forces hotels to understand their guests' expectations and develop competitive advantage by focusing on various elements of marketing mix to capture the market share and sustain in competitive era. "Marketing mix" is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market (Mind tools 1996-2011).

⁹ <https://www.ibef.org/industry/indian-tourism-and-hospitality-industry-analysis-presentation>

The art of putting a customer first, anticipating the needs and problems, tailoring products and services to meet needs and establishing customer relationship is customer service. It is the notion of customer service, which necessitated a need for the expansion of traditional marketing mix (4P's), so as to have 7P's (Gronroos, 1987). These three elements in the marketing mix represent elements of services marketing that are cross-functional in nature. They are more concerned with retaining the customer, than catching the customer (Kotler, 1994). The service firm needs to differentiate its product and services (that involves a mix of tangible and intangible components) from its competitors to gain a market share as it give its own position. Therefore hotel industry need to formulate traditional marketing mix with a blend of extended marketing mix to attract the visitors and make them loyal.

The Product mix includes product line and quality, brand, packaging and services. A product is a package or bundle of goods and services that comprise the total offering. For example, the purchase of a hotel room includes the guest room, fitness center, pool, restaurants, Valet service, concierge, housekeeping service, etc.

Table 1.1 Levels of product in context of hotel industry

Benefits	Meaning	With Respect to the Travel and Hotel industry
1. Core Benefits	The fundamental benefit or service that the customer is buying	Rest & Sleep
2. Basic Service	Basic, functional attributes	Hotel room with all amenities
3. Expected Service	Set of attributes/conditions the buyer normally expects	A clean bed, fresh towels, working lamps, and a relative degree of quietness, etc.
4. Augmented Service	That meets the customers desires beyond expectations	Prompt services, Remote controlled AC & TV, 2 Telephone lines, etc
5. Potential Service	The possible evolution to distinguish the offer	Wi – Fi connections in hotel rooms, home theatre systems, etc.

To capture the market share the hotel manager needs to identify its target market so that the appropriate product requirement can be estimated and according to target market the service can be offered as mentioned in below given table.

Table 1.2 Different Target Markets have Different Product/service Needs

Target Market	Hospitality Products/Services
Families	<ul style="list-style-type: none"> • Rooms with more space • Reasonable rates or no extra rates for children • Low cost recreational facilities • Room with kitchen facilities • Kiddie menus • Colourful interior rooms • In house doctors • Baby sitting facilities • All inclusive packages
Business Executives	<ul style="list-style-type: none"> • Internet connection • Business centre • Airport pick up • Conference room • Quality service • 24 hours room service
Female travelers	<ul style="list-style-type: none"> • Safety is the primary concern • Quiet floors • Bathroom with good lighting for make up • Hair dryers, iron boards, etc. • Spa and health club
Retirees	<ul style="list-style-type: none"> • Clean and comfortable room, lounge areas, and public areas • Rooms with two separate beds • High safety and security measures • Easy access rooms closer to elevators • Elderly care facilities • Large well lit rooms and non slippery floors

The Price mix includes strategic decisions related to the use of pricing as an operational tool as a motivational tool. **“Price is the amount of money which is needed to acquire a product”** (W.J.Stanton). Hotels start their business by establishing a range of rates varies from minimum

to maximum depending upon room occupancy, season demand and additional services provided to its guests. These extra facilities include charges for cribs, day-use, extra-beds etc. The management normally sets a daily rack rate based on the situation.

The following are the various types of rates found than rack rate¹⁰:

1. Airline Contract Rate: a special negotiated rate for airline crews.
2. Corporate Rate: A rate for business houses that guarantee a minimum number of room nights per year.
3. Crib Rate: A cradle provided in a room for infants.
4. Day Rate: Charges from those customers who are staying overnight.
5. Extra Bed: A wheeled folded bed provided to the same room on the request of guests.
6. Group Rate: A discounted rate for groups in view of volume business.
7. Family Rate: A rate applicable in resorts for families on holiday.
8. Frequent Traveler Rate: A rate that give discounts for frequent use of the property under a frequent traveler program.
9. Government Rate: a negotiated discounted rate with government bodies for their travelling officials and foreign visitors.
10. Rack Rate: the official rate of the hotel on a given day.
11. Hotel Federation Rate: A courtesy rate to all members of the hotel federation.
12. Package Rate: A rate quoted where there are events in the city and including the price of access to the events
13. Travel Agents Rate: a negotiated rate for volume business.

In addition to the above, the reservation agents book rooms by certain price plans i.e. a package proposal of rooms and meals. The guests have several alternatives for eating when on tour, including being entertained by friends and clients, eating at restaurants closer to the place of work so they may prefer to pay for the room without meal options or may prefer rooms with breakfast package. Hotels recognize these varied needs and offer plans to suit their client profile.

These plans are¹¹:

1. European Plan: Charges for the room only.
2. American Plan: Charges for room and meals only.

¹⁰ Andrews Sudhir, "TextBook of Front Office Management and Operations", Tata McGraw Hill 2008. P.No. 50

¹¹ Andrews Sudhir(2008), "TextBook of Front Office Management and Operations", Tata McGraw Hill. P.NO. 180-181

3. Modified American Plan: Charges for room plus breakfast and lunch/dinner.
4. Bermuda Plan: Charges for Room tariff and Morning tea only
5. Continental Plan: Charges for room and a Continental Breakfast.
6. Bed and Breakfast: Charges for room and English breakfast.

A dynamic pricing policy is likely to be more profitable than a static pricing. Both expected revenue and downside risk must be balanced. Henceforth to go for dynamic pricing, the organization needs to investigate the price changes and its affect on the room occupancy of hotel. Hotels should identify the type of customers and the price they are willing to pay for utilizing the service.

The place mix element of the marketing mix includes the distribution and logistics of producing a product or service and making it available to the final consumer. Services have relatively short channels of distribution; as most service providers act as manufacturer and retailer otherwise they focus most of their efforts on finding retail locations that are convenient for consumers¹².

In hospitality industry, Hotel location is also an important consideration because it influence the consumer's buying decision. Hotels are also classified on the basis of location as city center, motels, suburban hotel, downtown, resort, airport hotel, resorts, camps, floating hotel, boatels and rotels.

The promotion mix includes advertising, public relations, sales promotion, word-of-mouth promotion, personal selling and telemarketing. For successful marketing it is not ample to concentrate on the service part but it is also impact generating that we promote the business in such a way that our prospects come to know the quality offered them as a hotel visitors. There are a number of alternatives available for promoting the business and it is considered that a professionally sound employee would make a blend of these components in such a way that effects are proactive and cost effective.¹³ Creating direct mail campaigns, planning seasonal promotions, planning the timing and placement of ad campaigns, personal advertisements, define growing and emerging markets and help in room reservations (wholesale and business

¹² Bowie, D. & Buttle, F.(2011), "Hospitality Marketing: Principles and Practice" Elsevier

¹³ Jha, S.M.(2000), "Services Marketing" Himalaya Publishing House, New Delhi

customers) are the basic six essential factors those can help to build successful marketing strategies and if used with statistical modeling tools can help to make competitive advantage.

Physical evidence includes the service surroundings of the service operations and all the tangible representations of the service such as brochures, letterhead, business cards, report formats, signage, and equipment. In some cases it includes the physical facility where the service is offered—the “servicescape.” Gronross (2000) extended the concept of customer service to ‘servicescape’, which means the physical evidence of the service.

Table 1.3 How to translate intangibility features into tangible items

Intangibles	Strategies to Make Tangible
Comfort	<ul style="list-style-type: none"> • Ergonomics in Room Beds • Ambient Room Temperatures • Service Employees interaction with polite tones • Absorption in Environment • Noise free corridors
Emotional Security	<ul style="list-style-type: none"> • Being recognize by Name • Being informed about hotel policies • Being received at hotel entrance • Understanding the customers ‘needs • No expectations for tips from guests
Hygiene and Sanitation	<ul style="list-style-type: none"> • Clean room and bathroom amenities in rooms • Personal hygiene of waiters and housekeeping staff • Polished and shining furniture • Clean visitors’ toilets and smell of air freshener
Safety	<ul style="list-style-type: none"> • Well- maintained furniture • Sprinkler System in rooms • Proper fire exit arrangement • Double locking rooms • CCTV installation at proper corner of hotel • Voltage Signs in guests’ rooms for beauty appliances usage
Efficiency	<ul style="list-style-type: none"> • Emergency help from hotel staff • Immediate response to visitor’s complaints • Quick response for mishap (medical help) • Knowledge of hotel policies • Timeliness of service

	<ul style="list-style-type: none"> • Responsiveness for guest's requests • Response to customers on telephonic reservation
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Process is the delivery of the services to consumers and operating systems of procedures, mechanisms and flow of activities which services are consumed. It includes supply cycles, payment systems and policies and employee induction and training procedures. Every hotel follows the process to reduce idle time and provide timely delivery of services. The hospitality industry has developed their own procedural manuals for every process as these are the backbone of their operations. Hotels like Marriott, Country Inn and suites try to understand their customer's requirements to standardize their service delivery processes in order to provide consistent service throughout the operations via computer reservation system, online booking system and inventory control system.

Conclusion

This paper is started with significance of marketing blend in hospitality industry to sustain market share of the hotels. Based on this ground, Hospitality in India is an elderly ritual, and the demand for travel and tourism in India is expected to boost yearly by 8.5%, travel and tourism in India also accounts for about 11% of total population. Government of India has taken and appealing various initiatives to strengthen this industry. Indian hospitality industry is one of the fastest growing with world tourist arrivals expected to increase by 43 million every year on an average from 2010 to 2030 and FTAs in emerging countries is expected to grow faster than in advanced economies and important sector revenues wise as well as employment wise like a goldmine of opportunity in tourism is waiting for India therefore the hotel manager needs to understand requirements of visitors and design their marketing mix accordingly to increase customer satisfaction and loyalty.

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