

The marketing strategy of vietnam



Tourism industry worldwide is one of the largest sectors which have greater contribution in the growth of economy. It is obvious that tourist from one continent travel to other continents. Southeast Asian countries have become popular destination for European tourists and the government in each respective country from Southeast Asia putting significant efforts to attract the tourists across the world. However due to economic recession there was a record downfall of tourists from Europe in the region. In this view this assignment report discusses the marketing strategy of Vietnam to attract customers from European countries including the market, segmentation, targeting and positioning strategy (Akaah and Korgaonkar, 1988).

2. Target Country of Tourist Destination:

The number of tourists from Italy has seen a significant downfall to visit Vietnam in the tourism statistics during the past four months however the total in flow of the tourists in the country has been increase by 103% as per the tourism statistics issued by Vietnam tourism government. Among other European countries the flow of tourists from Italy was equal and in last four months this figure has been decreasing continuously (Berthon, Lane, Pittand Watson, 1998). According to the tourism government in Vietnam, the tourist flow from Italy was 11, 243 in December 2009 which has been reduced to 5796. There is great potential of tourist in Italy since during Easter most of the population in Italy go for outbound vacations and Southeast Asian countries they found attractive place to visit due to heritage, culture and monuments. Based on these observations I have chosen Italy as a target market to attract tourist from Italy.

(Source: <http://www.vietnamtourism.gov.vn/>)

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3. Resorts on Facilities and Services:

Windsor Plaza Hotel is one of the preferred choices for tourists to get accommodation as the hotel has branches across the country. The hotel is located at heart of the capital city of Vietnam Ho Chi Minh City which is situated in the mid way of historic china town district and business district. The hotel provides world class five star services with a combination of luxury and hospitality services. Windsor plaza provides superior hospitality services to both the business travelers and leisure travelers (Bocij, Chaffey, Greasley, and Hickie, 1999). There are the set up of professional services offered by Windsor plaza where the travelers can make the choices among shopping, entertainment, meeting and dining facilities. In addition to this the tourists can have the great experience of perfect gifts, boutique, shopping and discotheque which has been built with the inspired theme of American style discos. The luxurious service described above has become the unique choices and needs of travelers from Italy and these are the USP of hotel to attract tourist across the world countries (Agrawal, Arjona and Lemmens, 2001). Tourists from Italy travel outbound to get relax from work, entertainment and enjoyment. Therefore in this view they always seek for the place where they can have the experience of all luxuries, sources of entertainment and facilities under one roof. Windsor plaza provides the accurate services as per the need of European tourists. In addition to this the hotel provides multi-cuisine food with the specialization of each European country, so that the tourists from Europe should not miss their choice of food. Another advantage provided by Windsor Plaza is the low rates than the other hotels. The hotel offers best possible low rates where the customers can negotiate and much cheaper than the booking rates directly. All the

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rates are finalized after consent of the customer and no hidden charges applied into the service hotels. Along with the low rate benefit, the hotel provides first hand information that meets the expectation of the tourists (Business Wire, 2002).

4. Marketing Strategy:

In order to attract the tourists from Italy, the country requires robust marketing plan which should cover every aspect of market strategies to target the tourists. This section provides the segmentation, targeting and positioning analysis for Vietnam .

4. 1 Target Market:

Target country in Europe will be Italy as it is the most preferred destination for Vietnam where a significant share of tourists flow exists among other destinations. The major destinations from European countries include France, UK, Germany, Italy and Spain where the majority of tourists visit the Southeast Asian countries specifically for leisure purpose. Each of these countries have equal tourists flow however it has been assessed that due to economic recession tourists visit from Italy has been reduced than the previous year visits (Cohen, 2002). Therefore it should be essential for Vietnam to develop a strategy to capture the lost share of tourist from Italy. Most of the population in Italy usually goes for outbound travel in vacation time such as Easter, Christmas and summer holidays. Southeast Asian region is the preferred destinations for these tourists (Festervand, Snyder and Tsalikis, 1986).

4. 2 Segmentation:

Before targeting the tourist it is essential to segment them based in their demographics, psychographic, behavioral and geographic factors. Below is given the segmentation analysis for tourists in Italy.

4. 2. 1 Demographic Segmentation:

The demographic segmentation refers to the gender, age, income level and education level of the target segment based on which a marketer defines the profile of its target customer. The target profile of tourist will be population with age more than 18 years who are graduates with monthly income more than Euro 3, 500 and good equal proportion of male and female (Hoffman and Novak, 1996).

4. 2. 2 Geographic Segmentation:

Geographic segmentation is based on the location of the target segment where is resides. The target location will be major cities in Italy since majority of population in Italy resides in urban areas and reach of the communication channel is higher among the urban areas. Apart from this the target customers identified at the outskirts of urban areas since a good proportion of population also resides in such areas due to low cost of index (Jasper and Ouellete, 1994).

4. 2. 3 Behavioral Segmentation:

Behavioral segmentation is based on the consumer behavior, culture, values and beliefs. Consumers in Italy are reserved in nature and very price sensitive. They have the cultural values to spread happiness with enjoyment and entertainment. The purpose behind leisure traveling is to enjoy the

vacations without any stress and with full of comfort. Tourism government in Vietnam is making efforts to fulfill the basic tourism needs of the tourists (Kehoe, Pitkow, Sutton, Aggarwal and Rogers, 1998). The core focus of the government is emphasizing on developing and renovating the tourist sites in the country with old heritage monuments and all facilities with latest technology in the hospitality sector. Beaches in Vietnam are very popular. In this way the marketer will target the tourists in Italy who are seeking place for their comfort and likely to enjoy the beaches (Machlis, 1998).

4. 2. 4 Psychographic Segmentation:

Psychographic segmentation is based on the lifestyle, mind set and thinking of the consumers for availing the particular product and services. Marketer will target tourist in Italy who visit the tourists' destination for reliving from the stress from their busy life. In addition to this the mind set of the tourist towards leisure purpose to pass the vacation with full of enjoyment and luxury. They feel that visiting tourists place will provide the experience of new learning and entertainment (Oberndorf, 1999).

4. 3 Targeting:

The target profile of the tourist will be divided into two segments such as those tourists who have already visited Vietnam and those who will visit Vietnam first time. The aim of targeting first segment of tourist will be the add on benefit to the marketer as it will be easy to capture this segment and require less efforts to attract the tourists again to visit Vietnam (Millman, 1998). Moreover they are potential customer as they are well aware about the tourist place in Vietnam which enables to plan their visit easily. On the other hand aim of targeting the fresh tourists is to increase the market share

and provide the expedience of this segment with enjoyable life and comfort by the attraction of tourism in Vietnam. The profile of target customer will be population of age 18 to 25 years, 26 to 35 years and 35 to 55 years who are likely to enjoy their vacations in comfortable place. Various holiday packages will be promoted among the target segment to promote the tourism in Vietnam. The core target segment will be consumers of age group 26 to 35 since they are the decision makers in the households and level of income and spending power is higher of this segment (Lewis, 2000).

4. 4 Positioning Strategy:

The positioning strategy includes the advertising and communication to the target segment. A marketer must choose the advertising and communication channel with high reach among the target segment. Online advertising is the optimal method of promoting the tourism in Vietnam. A marketer can select the social networking popular in Italy to advertise the tourism in Vietnam (Quelch and Harding, 2009). The marketer can also select the email marketing, web blogs and RSS feeds to promote the tourism among Italian tourists. Under the promotion strategy the Windsor can offer family package or group package by highlighting the major facilities, services and popular destinations in Vietnam (Oliver, 1999). The marketer at Windsor can also select some choice of discount package with visual presentation of popular tourist sites to attract the customers. In addition to this a differential and low cost strategy will work to promote the tourism in Vietnam. Apart from this; the Tourism government in Vietnam should upgrade the website by installing the virtual tour of popular tourist destinations so that the tourists can have the view of tourists' places and tourism in Vietnam virtually. Events should

be promoted on the website in order to attract the tourists. The promotional activity will be implemented by engaging the local travel agents and travel companies in Italy (Porter, 2000).

5. Marketing Mix:

Marketing mix is the critical factor which enables the marketer to deploy the marketing strategy in optimal way and also provides the growth and expansion of an organization. Until the sound marketing mix is developed a company can have several challenges in the market place to promote its products and services. In this way the seven Ps of marketing mix of Windsor Plaza are defined below (Shankar, Rangaswamy and Pusateri, 1999).

5.1 Product (Services):

In case of hotel the product will be services which are intangible in nature. Therefore based on the service offerings the Hotel can forecast its sales to be generated and the margins of the Hotel will be estimated in the coming years (Reda, 2000). Windsor can offer varieties in its hospitality services such as house saloon service, multi cuisine food specifically all varieties of European cuisine. In order to promote the services, Windsor will engage with the local travel agencies in order to make the tourist aware about the available services and related facilities for tourism in Vietnam. The incentives and commission will be provided to the travel agents and travel companies based on the revenue generated and recommending the tourist about the hotel (Van den Poel and Leunis, 1999). The services will be included all the modern facilities so that the tourists get fascinated hotel services. at the same time the hotel will realize where there service are lacking and using this opportunity the marketer can boost up their sales (Riedman, 1999).

5. 2 Place:

Place has of its primary importance in marketing mix, the marketing and sales manager should understand the appropriate market in Italy to promote the hotel service along with the tourism in Vietnam. Before implementing the marketing plan the marketing manager should study about the general demographics about Italy for example most of population in Italy resides in metro areas and tourists came from the outskirts of the metro cities and urban areas. In the internet era, most of tourists in Italy do not visit the travel agencies and book their tourist plan online. Therefore the service will marketed through major internet portal (Woolley, 1998). Apart from this the metro city malls will be targeted first to promote the tourism.

5. 3 Promotion:

As already discussed, the hotel will use the differentiation and low cost strategy to develop the competitive advantage under the promotion strategy. Online marketing channel will be used to promote the hotel service and tourism. Some of the communication channel includes, social networking sites, website, email marketing, RSS feed and Blog. Advertising will be utilized through various websites which are most often visited by the tourists in Italy (Warner, 2000). In order to promote the services, Windsor will engage with the local travel agencies in order to make the tourist aware about the available services and related facilities for tourism in Vietnam. The incentives and commission will be provided to the travel agents and travel companies (Warner, 2000).

5. 4 Price:

Under the promotional strategy the hotel will use the low cost strategy in which the hotel will offer discount and best possible low price for its services in the industry. Since the tourists in Italy are more prices sensitive and it should have the worth as per the offerings. Pricing will be offered by covering the all the hotel's expenses and kept the margin at lower side. The hotel can therefore make the volume based profits and utilize it in the long term (Wingfield, 2001).

6. Extended Ps:

The extended Ps of marketing will be used to reinforcing the positioning strategy of the hotel as described below (Ansoff, 1957).

6. 1 Process:

In service industry process is the key marketing mix since the customer feels happy if they find the service process is easy and services of the company can be accessible in the easiest possible manner. The marketer will pace self made process in the hotel with signage to get the access of each service easily. In addition to this the hotel will use intercom facility to by just dialing one number and the hotel staff will provide the instant service within maximum of 10 minutes. It will be highlighted in during the hotel promotion (Baker, 1998). The hotel will provide the below services for its tourists:

Executive lounge & Business center

Meeting facilities & Recreational facilities

Kids playroom

Tour desk

Airport pick-up service: USD18/way/4seats and vehicles for rent

Outside swimming pool

Multi-lingual guest service staff

Laundry and dry-leaning service

Modern elevator and baggage storage

Souvenir/Gift shop and ATM in hotel

Doctor/Nurse on call

Foreign currency exchange

Travel tour arrangement

Business Center with ADSL Internet and Email

Beauty salon and beauty treatment center

Gymnasium and fitness center

Massage, Spa, Sauna, Steam-bath and Jacuzzi

Shopping center, Games and Casino room

Ngan Dinh Restaurant

Café Centra

America Discotheque

An Dong shopping plaza

(Source: <http://www.vietnam-hotels.net/hotels/Windsor-Plaza-Hotel>)

6. 2 People:

The hotel will employ best of industry experience in order to provide highly acclaimed services to the tourist. People are the first face in the service industry and they are like the tangible asset of the company. In hospitality business, people are only the evidence where the customer feels the experience of services. Hence the hotel will employ the hotel management professionals with minimum 3 years of experience of the industry to provide better service to the tourist (Agrawal, Arjona and Lemmens, 2001).

6. 3 Physical Evidence:

Physical evidence includes the proper display of the services which are visible during the hotel visit. In this way the hotel will use the signage merchandizing where the each facility will be marked with proper sign. The interior of the hotel will be designed by the architect and interior designer. During the positioning, a virtual tour of hotel will be created and displayed on the communication channel such as websites and internet portal (Berthon, Lane, Pitt and Watson, 1998).

7. Budgetary Requirement:

Since the Windsor plaza is already an established chain in Vietnam, therefore the hotel requires the renovation in its hotel and promotion expenses. Since the hotel will use the digital marketing concept to promote the service and

incentive & commission to be provided to the travel agents and companies. Hence the forecasted budget is provided in the below table for the period of six months:

Month

Estimated Expenses

1st month

USD 55, 000

2nd month

USD 40, 000

3rd month

USD 25, 000

4th month

USD 25, 000

5th month

USD 15, 000

6th month

USD 7, 000

The progress will be monitored through weekly sales sheet in which the company will make the comparison of actual revenue generated with the

target revenue and based on the figures the target for subsequent months will be assigned to each sales manager (Festervand, Snyder and Tsalikis, 1986). In addition to this the company will prepare expense ratio chart every month to monitor the cost over revenue generated. Apart from this the number of visits on the web portal and networking sites will be recorded to monitor the progress of advertising and promotion. The marketer can also check the user review to monitor the impact of its marketing campaign (Cohen, 2002).

8. Recommendation:

In order to gain the long term advantage and global marketing benefits the marketing manager should perform different marketing activities which will enable the hotel to gain the competitive advantage for minimum of five year period.

Year 1

Year 2

Year 3

Year 4

Year 5

Focus in Marketing Campaign

Flexibility of Rates Online

Considering the Channel Management Products

Investment in the Website

Optimization of Website

E-mail marketing

Protection of Online branding

Monitoring the Users Review Online and Accordingly devise the marketing strategy

Offering a analytical package

Responding to the market condition

Lewis (2000) suggested that the company should optimize those key steps which enable to understand its advertising and promotion. Since Windsor Plaza will use digital marketing therefore user review will provide the necessary information to the marketing manager to understand what the hotel can best offer to the tourists. Apart from the protection of online branding is essential as it will enable the marketer to protect other websites to advertise company's image in the negative way such as low rate hotel.