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An Essay on Marketing Strategy and Innovation for Hospitality and Tourism Industry on the Basis of Business and Market Trend By shuffleboard’s Hospitality Marketing and Consumer Behavior Abstract This assignment looks gives an introduction about marketing and the marketing mix to the reader. We then look into Indian’s hospitality Industry and how it is growing as compared to the hospitality industries of other countries. We then look at what hospitality marketing is and its need and importance in Indian’s hospitality and tourism industry.

Then the various new upcoming trends and innovative ideas that ill boom in 2014 are discussed in details, focusing slightly on digital marketing. Then we discuss about few of the long term and short term marketing strategies that can be taken up in the hospitality and tourism industries, especially in hotels. Qatar, s. (1276743) Page 1 Introduction to Marketing According to the American Marketing Association ” Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

The world of marketing consists of various activities and terms, a few important ones are the product, which refers to the commodity or tangible good being offered to the customer and service which is an economic activity that is intangible.

It is either the transfer of the goods or the use of experience, and in the hospitality industry, both products and services are consumed at the points of sale, making it a product-service mix, which shall be discussed later on. Another important part of marketing is the exchange of goods and services between the producer and consumer in a specific place.

For example, the Pepsi Company chooses to exchange its product with a Mexican company for wine, so as to avoid exchanging their product for pesos, which is devalued as compared the USED. (Reid, R. D. Et al, 2010) The Marketing Mix is something that has been accepted everywhere and is used to develop effective marketing strategies for organizations.

The 4 As of Marketing Mix are Price, Product, Promotion and Place. A successful hospitality organization focuses on the needs and wants of the guest and markets the product-service mix and also uses the other hospitality market mixes.

The various mixes must be implemented into the organization’s marketing program and attract potential customers and meet the goals of the firm. .(Reid, R.

D. Et al, 2010) Introduction to the Hospitality Industry In today’s growing global economy, the hospitality and tourism industry is leading in revenue generation around the world, as it is getting very technologically advanced and luxurious. The Indian hospitality industry is on the way to become the world’s number one tourist destination, as the World Travel and Tourism Council had anticipates seeing the demand growing at a rate of 10. 1% per annum.

The World Travel Organization also anticipates that India will receive around 25 million tourists by 2015.

India is becoming a much sought after destination for a vacation by both Indian nationals and foreign travelers due to its rich cultural heritage, which make the country experience such footfalls. Indian’s economy is also growing at a fast pace with more multinational companies setting up base in the metropolitan cities, thus producing more employment opportunities and as the hospitality industries growth is also knit with the country economic growth, they both are booming, making India brilliant choice for a destination.

In India, the hotel industry is segmented into the Premium and Luxury Segment (Five Star and Five Star Deluxe Hotels), Mid-Market Segment (Three Star and Four Star Hotels), Budgeted Segments (Two Star and One Star Hotels) and Palaces and Forts (Heritage Hotels). According to the tourism ministry, the demand for tourists in the country would rise to over 1 5 million Page 2 accommodate 350 million domestic travelers. (Kettle, P.

Et. Al, 2012) The Indian hotel scenario has been in continues transformation since its birth, only to become more practical and functional.

The standards of work and ethics of the hotel companies have progressed with the introduction of new technology, market segmentation, regional preferences, echo-friendly services and many more new trends. As the economy boost in the asses, so did the Indian hotel industry with a drastic increase in hotel rooms. A lot of international hotel brands are venturing into big and small cities and setting up luxurious properties, thus increasing the room inventory of the country significantly.

India currently has over 200, 000 hotel rooms spread across hotel categories and guesthouses are still facing a shortfall of over 00, 000 rooms.

The country is witnessing an unmatched growth in the hotel constructions and will be adding almost 114, 000 hotel guest rooms to its inventory over the next 5 years. (The growing Indian hospitality industry) Page 3 Hospitality Marketing and its Need Hospitality marketing has become an essential element to the hospitality industry. It prepares the future managers with the knowledge needed to make sure that their company is able to deliver what the customers want.

It is very important to be able to understand the minds of the customers and what goes in their head while they arches the product. (Kettle, et al.

, 1996) It is the backbone of any hotel. The sales and marketing department must always make sure to market their product in the right manner to get good business. The sales team has to find many ways to promote their various products and services in a unique way. For example, now days everyone is very health conscious and would like to follow a strict regime or diet even when they are not in their familiar surroundings.

So, hotels can think, with their hotel’s gym trainer, of some exciting and new packages and promote those. Here only the rumination aspect is being looked into, but the other three aspects must also be looked into simultaneously to have a proper marketing scheme.

It is vital to deliver an effective product is to be able to use the marketing mix I. E in a way that works in the benefit of the company/product. If the marketers are able to identify the consumer needs, developing a product, and pricing, distribution and promotion of the product successfully. (Kettle, et al. 2011) The restaurant sector or the off and beverage sector of the hospitality industry too has reclaimed its place in the marketing of a hotel. As the big hotel companies enter the Indian hospitality industry, restaurant chains are starting to operate at high competitive rate and major intensive, internal marketing is being used by the hotel company to satisfy the guest.

Sometimes customers associate themselves with the brand they purchase, it gives them a sense of belongingness and positivist, which is called as brand equity. Thus a brands standing adds a value to the company.

This makes it easier for such brands to market their products and launch them. Page 4 For egg: When new hotels are represented under one same brand name, it gives the customer a surety about the value of the product as well as the quality of the product. Hence, the managers should make sure that the brand is so dominant that the customers can directly relate to the product range.

In case of a new brand, marketing can be made successful through consistent quality and service. (Shoemaker, 2010) The Indian market is highly price sensitive and therefore the value of each and every product is looked into.

Thus the main of the hotel companies is not Just to develop a product that the customer wants, but to be able to Justify its value. Hotel and Hospitality and Marketing Trends and Innovation Innovation is considered a major source of competitive advantage and economic growth, and research about innovation is plentiful and diverse Hospitality and tourism is one of the leading service industries in the world, the World Tourism Organization estimates there will be one billion tourists a year by 2010 (WTFO, 2006).

Clearly, there is a prospect to research innovation in this global service industry that is characterized by the intangible, experiential nature of its products and services. The most important aspect of selling a product is being able to market it effectively.

A DOD marketing strategy can work wonders for a company. At the same time it is also imperative to keep up with the current trends of marketing as their efficiency will be better. Some of the upcoming trends and innovations are as follows: 1 .

Digital Marketing is a trend that is growing, but it will boom in 2014 with various new technologies being introduced in the industry. 0 Lot of frictionless, automated processes are making their way up in a travelers life in large hotel chains, rail companies, car rentals, events and of course the airlines.

For example, a traveler would get an automated email from their airline company and sister for a pre boarding, so that they don’t have to queue up at any security points and can instead reserve a spot, can ensure good seating and their hassles are reduced.

The boarding pass doesn’t even have to be on paper, it can be on the traveler’s phone with the necessary bar code, this is all due to RIFF technology, which shall soon be used everywhere to enhance the travelers trip. ( Solidification. Com. 2013.

) 0GoogleTravel is estimating that 25% of all online booking occurred through mobile devices, smartened or tablet. And they estimate it to reach 40-50% by the end of 013. Mobile adoption and mobile booking have gone all out on a major global scale and all online travel agents have a mobile version or mobile application for themselves. Solidification.

Com. 2013. ) Page 5 Source: Webs Digital This table shows us the increase and decrease of use of mobile devices and desktop, respectively. Mobile has been increasing not only in terms of views but also rooms being booked through them , therefore revenue. This only confirms more growth in 2014. Till now Destination Marketing Organizations were working on top of the chart but for while, a sharing economy or peer-to-peer or collaborative economies are taking over gradually.

This means many big travel brands are moving into every equation and this will affect the hospitality industry vastly. For example, there will be more collaboration with one Hotel Company with maybe an airline company or car rental company and they may be on a negotiation. If there is a Tag by the Airport for transient guests, they can have a negotiation withJet Airways, that all of Jet Airways transient guests will be put up at Tag, therefore increasing revenue through a tragic alliance. ( Solidification.

Com. 2013. ) Niche Marketing is trend that has been in the industry and will grow more in 2014.

Mass publications and campaigns trying to attract the mass public will start segmentation of the mass and concentrate on communities that have specific needs. Mommy Floggers : Increasingly popular and influential , both at home and with a wider audience than ever online , mom floggers are at the center of decommissioning family travel .

They are experts in social media, in particular with Pinsetters, but they are also pressed for time . Millennial and Generation C : Young adults, ages 18-30 , are hitting the workplace with different expectations than the older generations Y, X and boomers .

For one thing, being always connected is a must, so hotels that offer free wife will score higher than those who have applied , or perhaps bank complimentary breakfast instead. This generation also tends to be more vocal and share their travel experience on social media and user -review sites . Multi-generational travel : It is not uncommon today to see the grandparents traveling with young children, sometimes mixing 3-4 generations on a Journey Page 6 together, forming a different type of group travel, where needs and desires are not the same as a group classic 20 foreigners traveling by bus , for example.

Gay & Lesbian : Gay -friendly establishments , festivals and attractions have been around for over a decade, yet it remains a very profitable niche , whether it is in the cruise industry , or any other component of ball travel .

Bodies : With all the cooking shows , cookbooks and chefs popping up like never before on television , there is certainly a renaissance for the dining experiences. Just look at the impact to the estimations after Anthony Birdbrain visit with his hugely popular TV show, is quite impressive. ( Solidification. Com. 2013.

) 2.

Cushman and Wakefield anticipate major growth domestic tourism which will be a reason of occupancies, even in off season. The Indian hospitality industry should make a conscious effort to grow as a destination market and not lose them to the Middle East or South-east Asia. Dill Purl, MD for India and regional UP for South Asia at Stardom Asia -Pacific Hotels & Resorts, says: “ Gradually, the domestic market is beginning to substitute the international market. It is five to six million inbound tourists versus 50 million Indian ones in the upper-middle class. The Indian hotels are no competition for the AAU or South East Asia in terms of rates and infrastructure.

The president of Trident hotels, Rakes Keynesian, says that the Indian Hotels must set themselves right. “ International travelers always enjoy great service but don’t like it to be personalized; they like to be left alone. Most Indians who come to a luxury hotel are accustomed to help and receiving a huge amount of attention at home. A hotel must be multiple levels better in order to command that ate,” he adds, pointing out that India is on a learning curve. ( outliers.

Com. 2013) page 7 3.

Ears will stabilize only after the rise a bit, in the long run and will drop in the short run as major Indian cities are inclined on increasing room supply for the growing demand, which will be at a slower rate. This is stated by the Cushman and Wakefield report. TIC Hotels division COO Dippy Hussar says that the expected growth wasn’t received and so rates will be flat or increase a bit. But there is good news as Hospitality consultant Homo Tabor of McMahon & Tabor says “ In Iambi, The Trident BBC, The Weston, The Courtyard byMarriott, the Holiday Inn and 300 additional rooms at the Renaissance came in at the same time.

But all of that has been absorbed. ” The rates will gradually rise and be steady and generate lots of revenue. (outliers. Com, 2013) 4. Corporate Social Responsibility is becoming an important USPS to invest in by all hotel companies.

Cushman and Wakefield state that a company being sustainable, echo-friendly and going green are the newest trends. Many initiatives are being taken from green building certificates, giving employment opportunities to the under reviled or reducing their carbon foot prints of various processes. Manhood says “ In many of our projects, owners want their hotels LED-certified.

They are willing to put in that extra money,” . At HAVE, hoteliers are reminded the benefits of going green. Many hotels are providing a major chunk of their equity Just for CARS.

This growth must go local, it must be encouraged by each hotel and they must negotiate with nonprofit organizations such as orphanages, blood banks, etc. Instead of attaching themselves with a fancy MONGO and publicizing it. (outliers. Com, 2013) Analysis and Interpretation of Hotels Grand Hyatt Iambi Hyatt is world recognized hospitality firm, with leading brands and innovative creations being developed for over fifty years.

Grand Hyatt is spread over 10 acres in Iambi and is a city landmark. It is a deluxe five star hotel that consists of Heat’s signature comfortable accommodation.

The mission of this hotel is to provide authentic hospitality by making a difference in peoples’ lives. They focus on this mission to pursue their goal Page 8 of becoming the preferred brand in all segments that they serve for their owners and guests. The follow these two things by observing a set of values to characterize their working culture. ( Sharpener, M. 2013) JAW Marriott Hotel This hotel is located in the posh area of Juju, in Iambi, close to many business parks.

JAW Marriott offers many leisure and business facilities, accommodations and great cuisine with great hospitality. It is the ideal hotel for a tourist who wants convenience, luxury and personalized services in a home away from home. The hotel can be classified as one for all dyes of travelers, corporate or leisure. .( Sharpener, M. Introduction to Marketing Strategies A Marketing Strategy is a process that allows an organization to concentrate its various resources on the optimal opportunities with the goals of achieving a sustainable competitive advantage and to increase revenue, according to David Asker.

Marketing Strategies include all basic and long term activities that deal with the analysis of the strategic situations of an establishment and contributes tot the goals and missions and vision of a firm and its many marketing objectives. Et al, 2010) Market Segmentation is the pursuit of a marketing strategy where the full potential arrest is divided into homogeneous divisions of consumers, each responding differently to a marketing of an organization. Segmentation can be used affectively in all the aspects of the hospitality and tourism industry, even on areas it may used less.

Companies divide their target markets into smaller segments, which have particular needs. By dividing the market, these many needs can be met efficiently by products and services matching these unique needs.

(Kettle, 2004) Kettle defines four major variables that are generally used in marketing; geographic, demographic, cryptographic and behavioral variables. In the hospitality industry these variables van be used widely in all sub categories, but hotels use only one variable of segmentation when suborning with a purpose of traveling.

This makes it easy to divide the groups into leisure, corporate, group package tours, independent vacationers, and by distinguishing these segments, a hotel can target and offer their services more effectively. (Middleton et al. 2009: 97-99) Market Segmentation can be both a short term and long term strategy in the hospitality and tourism industry. For example, in the Indian economy, during Dalai r Christmas, people buy items accordingly and hotels too will put up offers according to the season or festival, making it a short term strategy.

A long term market segmentation strategy can be of the Choice Hotels International.

They developed many product services mixes or brands, targeting different markets- on the basis of price and the amenities offered that appeal to guests. The brands they offer are Clarion Hotels and Suites, Quality Inns and Suites, Comfort Inns and Suites, Sleep Inns, Economy Lodge and Travelogue. This strategy is adopted by many hotel companies and is working very well. T al, 2010) Page 9 Relationship Marketing is a form of marketing which stresses upon customer retention and satisfaction. Here hotels believe it is far more economical to have existing guests rather than new ones and must have strategies to keep them customers loyal.

This type of marketing focuses on the recovery of old guests rather than the enrolment of new ones. It differs from other types of marketing as it extends communication and sees long term value of guest-hotel relationship. Once can see the communication mix being used here. (Middleton et al. 2009). For instance, the Marriott company has their customer loyalty program called Marriott Rewards where it rewards their guests with frequent flyer miles or points which give free vacations or merchandise in all their 3400 properties in the world.

Members are given special benefits once they cross a particular benchmark, thus making their travel convenient and easy. Marriott Rewards has been named “ Best Hotel Rewards Program” by the readers of Framer’s Budget Travel Magazine, Inside Flyer, Business Traveler, Global Traveler, Travel Savvy, Executive Travel and Businesslike magazines and received he highest ranking among frequent travel programs in the first annual Skidded “ Best in Travel Awards,” published by American Express Publishing.

It is a very good long term strategy for the hospitality and tourism industry. ( have. Com/Content/ 3311 . PDF , 2013) A very useful short term strategy that can be used for all the target markets is email, which has not yet been fully replaced by the social media.

Segmented email campaigns attract the customer on a one on one basis, as if they are the only ones getting to know about the various offers provided by a hotel company or on the first o know. Especially Indian travelers, who enjoy living in the lap of luxury and the soak in the extra attention.

Emails are a smart, cheap and convenient way to keep in touch with all costumers and keep them updates too. Internal Marketing is a long and short term marketing strategy and an important part of the marketing mix. It recognizes the importance of an employee of an hotel, emphasizing on the customer-contact employees and how well employees deliver the services promised during the time of check in an hotel, for instance.

The goal of internal marketing is to attain the best repressions skills in the market, to retain the good employee over a good guest.

For a hotel to succeed and deliver excellent service, it must have empowered and motivated employees. There are many employee reward systems in large hotel chains, where employees receive bonuses or intangible benefits like a retreat of fun and excitement. Thus keeping employees satisfied all the time. ( have.

Com/Content/ page 10 Conclusion The current strategic scenario is very strong in the hospitality and tourism industry globally and the Indian market. For the upcoming year to be successful than usual, al he Indian hotels need to buck up on their rates and infrastructure skills.

They must try an catch up the various new trends and innovations that are zooming past them currently. Hotels chains like The Oberon, JAW Marriott, Stardom, Hyatt are all implementing various marketing strategies that not only include branding but also pricing to sell their product and service further in the market. Market-oriented strategic planning and development of the organization’s objectives, skills and resources and its changing market opportunities in order to maintain a viable fit for the process.

There are three major things that used to define a strategic plan.

Investment, the management of the business units that do not deserve to be built, and fell down, or it ends up in the capital, one of the company’s transactions; considering the growth rate of this market to accurately assess the future potential of the company’s position and fit for every business , and strategy , which is to achieve its long-term objectives develop a game plan . ( Kettle , et al . , 2006) Innovation is seen as the key to effective competition in the market spaces, or even to create a new arrest-places, which disrupt existing industries and markets by making them properly.

An innovation that we have a quality budget hotels that are flourishing in India.

(Competitive Strategies rotated Innovation) Although the opportunities for positive change seem endless, and it will take a conscious effort, both from the major stakeholders in the industry’s independent and relevant government authorities to harness the new ability of the Indian hospitality industry.