

Marketing mix- price and the hong kong hotel market assignment

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Price Price, which is one of the most important elements of the marketing mix, can be difficult to get right. Pricing too high, or low, can negatively impact on customer satisfaction and revenue. Adopting a pricing strategy is necessary to achieve desired sales objectives (Chan & Wong 2005).

Research indicates that whilst a price reducing strategy, which is commonly used in response to strong competition, may see short term gains, rarely does it attract and retain new customers (Chan & Wong 2005).

In Hong Kong many hotels have reduced their room rates to remain competitive, however the above implies that hoteliers would do better to understand how their services and facilities influence customer satisfaction rather than simply reducing their room rates. (Chan & Wong 2005).

Customers are interested in value for money and research indicates that customers do not expect high quality hotels to match the prices of inferior hotels. There is a significant positive relationship between a customer's perceived expectation of price and perceived expectation of quality (Chan & Wong 2005).

When a customer's perceived expectation of price is consistent with the standard and quality of service delivered then hotel room rate pricing from a customer perspective is considered fair, thus the customer perceives they have received value for money and are more likely to be satisfied with the transaction, regardless of what the actual room rate charges may have been (Chan & Wong 2005). Hong Kong Hotel Market The Hong Kong Tourist Board (HKTB) reported in 2003 that Hong Kong's tourist market was heavily impacted by the SARS outbreak.

After the outbreak, in an effort to restore the market the government of the Republic of China, relaxed travel restrictions, by introducing the individual visit scheme (HKTB 2003). The Hong Kong Tourist Board reported in 2004, that the individual visit scheme has contributed to Mainland China now being Hong Kong's largest market, with the potential for further exploration and development (HKTB 2004). Despite Mainland China being Hong Kong's largest tourist market, the satisfaction ratings of Mainland China visitors on hotel services in Hong Kong is relatively low in comparison to that of other major markets (Yeung & Leung 2007).

According to Heung (2006, P. 309) ' the disconfirmation paradigm is generally accepted as the construct that best explains customer satisfaction'. The theory consists of customer expectations, service perceptions and satisfaction/dissatisfaction. Based on this theory, when service expectations are lower than expected customers will be dissatisfied, however if performance surpasses expectations customers will be satisfied and customers whose expectations are consistent with service delivered are usually neutral.

A further study which aimed to identify the differences in Mainland Chinese travellers and other foreign individual travellers to Hong Kong found that there were differences in importance ratings of hotel selection criteria from Mainland Chinese tourists in comparison to other foreign tourists (Tsai, Yeung & Yim, 2011). The results indicated that Mainland Chinese travellers were generally more demanding than other foreign travellers despite the

fact that the budgets they allocate for accommodation are smaller than those of their foreign counterparts (Tsai, Yeung & Yim, 2011).

In light of the fact that Mainland Chinese visitors are not prepared to spend a lot of money on accommodation and do spend considerably less on hotel accommodations than their foreign counterparts, it is necessary that Hoteliers better understand the differences between Mainland Chinese and foreign individual visitors in terms of the hotel selection criteria that are important to Mainland Chinese tourists (Tsai, Yeung & Yim, 2011).

If hoteliers have a better understanding of the expectations of their Mainland Chinese tourists, they will be better able to meet and serve this market to ensure guests are satisfied with their stay. (Tsai, Yeung & Yim, 2011).

Research indicates that Customers' perceptions toward product/service quality vary considerably for customers with different cultural backgrounds. Accordingly, understanding these differences is important because worldwide travel continues to grow and bring tremendous market opportunities (Shergill & Sun 2004).

This research has shown that there are differences in perceptions and expectations of Chinese Mainland tourists compared to other foreign tourists and this impacts upon satisfaction levels. Chinese Mainland tourists spend less on hotel accommodation than other foreign tourists, however have high expectations and expect value for money, making price a major factor in the consideration process for hotel selection and an aspect that the Hong Kong hotel market must consider when marketing their hotels and services, to the Chinese Mainland tourist. References:

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