

Marketing strategies in hospitality and tourism



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In 1957 Jay Pritzker founded Hyatt by purchasing Hayatt House motel near the Los Angeles International Airport. With his brother Donald Pritzker worked together with their family business interest expands their business into North American Management and hotel ownership company, in 1962 it became public company. Hyatt Regency Kathmandu was established on December 31st 2004 which is owned by Pritzker family business which includes Hyatt Corporation and Hyatt International Corporation and became Hyatt Hotels Corporation. (Hyatt Regency, 2011)

5 star city Resort which is 10 km from city of Kathmandu, Nepal, near by Boudhanath Stupa (the Holy of Tibetan Buddhist). It is just 4 km far from Tribhuban International Airport as well as shopping areas. It also the host of Club Oasis Spa which is established on 2006, one of the facilities of body massage and a sanctuary of calm and peace of mind which we can find there at Hyatt Regency Kathmandu Nepal. (Hyatt Regency, 2011)

Porter's 5 forces

Hyatt Regency Kathmandu Nepal is a 5 star resort whose target is international and domestic tourist. As it is a resort its target to be no 1 giant at hotel industry in Nepal. So its target is to capture the market of all over Nepal, so it is using different types of strategic like less profit more customer, customer satisfaction with good service and good food quality. Mainly this organization's motto is to satisfy customer as well as their suppliers or stakeholders.

According to Porter, Porter's 5 forces in figure:

Porter's Five Forces(Fig source: Porter five forces, 2008)

According to Porters five forces there are following forces of business they are as follows:

Bargaining power of customer

Bargaining power of suppliers

Threats of new entries

Threats of substitutes products

Competitive rivalry within an industry

1. 1. 2 Porters 5 forces analysis on Hyatt regency

Porters Five forces analysis is an important for assessing the potential for profitability in an industry, as well as little adaptation is also useful as a way to assessing the balance of power in more general situations. It also deals with the strength of five forces that affect competition like as:

Supply power: The power of suppliers is high, which drive up the prices of our inputs. So we have to take control of suppliers (agents) so they can supply guest to us in same price which we deal at beginning.

Buyer Power: The power of buyer to drive down products prices. If competitors are giving same facilities and service in lower price then we have to reduce our price so that our customer will not go any where. In business buyers power is always high, so market and profit depends upon them.

Competitive Rivalry: The strength of competition in the industry is high because there will be number of competitors in business, that if there is another competitors are formed then we have to face that as well because in business “ more competitors more customer more profit” so however the competitors are there we have to beware of those and have to make strategy for future.

The threat of substitution: The threat of substitutions is always high, business we have to beware of competitors that they can use lots of alternatives hotel same like ours facilities and service with same price so we have to prepare for that if they use the same service in minimum cost then customer will prefer to those substitution product and divide our customer as well as profit also. So we have to prevent these types of threats that which extends different facilities and service can be used in place of brand.

The threat of new entry: According to Porters threat of new entry is low because of high investment, the ease with which new competitors can enter the market but it takes time and heavy investment and time duration to enter same business in same area which shows that the threat of new entry is low.

By thinking through how each force affects our business and have to identify the strength and direction of each force, which can quickly assess the strength, position and profit ability of organization.

After knowing the Porters Five Force now we have to make plan in our business so it will take good care of all customer, suppliers, and their competitors which will make good profit as well as goodwill also.

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1. 1. 3 Porters 3 Generic Strategies

Strategic planning by the analysing the position in the market place of the Hyatt Regency by making use of management techniques such as Porters 3 Generic Strategies.

According to Porter (2005); there are three potentially successful generic strategic to approaches to outperforming other firms in an industry. Which are as follows:

Overall cost leadership

Differentiation

Focus

Overall cost leadership

Lowest cost producer relative to competitors

Differentiation

Creating something that is perceived industry-wide as unique for which customer will pay a premium, and come back again and again.

Focus

Serving a narrow strategic target more effectively than rivals who are competing more broadly.

Hence a management must dedicate themselves to just one of the three of strategy to risk dilution of their competitive advantages. This is the only way that can out perform rivals and deliver high or satisfactory returns to shareholders. According to Porters strategy Hyatt is using all these three strategy as well but it comes under the force of differentiation which is

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important for Hyatt Regency to be the no. 1 giant on business to get high profit as well as lots of customer goodwill.

Hyatt Regency have to do competition with different competitors so According to Porters 3 Generic Strategies it comes under differentiation because Hyatt Regency has different competitors and to maintain market stability it is using cost and product as different with it's competitors. Hyatt is giving different service and facilities to their customer at same cost in different style which is really important to carry on business on same speed and stable in market to earn target of profit.

1. 1. 4 Porters Value chain method

Organization strength and weakness of Hyatt Ragency which is depends upon whole organizational activities like suppliers, organizational function, and customer. Because whole value system is depends upon the certain value of profit margin Value chain analysis describes the activities within and around an organization and relates them to an analysis of the competitive strength of the organization. It evaluates the value of each particular activity adds to the organizations products or services, includes all machinery, equipment, people and money. These things are arranged into systems and systematic activates it will become possible to produce something which customers are willing to pay a price, or the ability to perform particular activities and to manage the linkages between these activities is a source of competitive advantage.

According to Harris N (2000); Porter distinguishes between primary activities and support activities, Primary activities are directly concerned with the

creation or delivery of a product or service which can be grouped into five main areas they are inbound logistics, operations, outbound logistics, marketing and sales, and service. Each of these primary activities is linked to support activities which help to improve their effectiveness or efficiency. There are four main areas of support activities: procurement, technology development (including R&D), human resource management, and infrastructure (systems for planning, finance, quality, information management etc.).

Value chain analysis can be shown by this figure:

(Fig source: Porter Value chain, 1985)

According to Porters Value chain, there are different stages to

Inbound logistics: Refers to goods being obtained from the organizations suppliers ready to be producing the end product.

Operations: In operation they (management comeetee) will create the style and way that to accehive the organizational goal, in short word management comeete will make marketing strategy to get their targets.

Outbound logistics: Once they finalize the way of marketing and style to attract people then management will send that to the customer thorough agents, website or different means of marketing through which customer will come to visit that place at once.

Marketing and sales: Marketing must make sure that the product is targeted towards the correct customer group. The marketing mix is used to establish

an effective strategy; any competitive advantage is clearly communicated to the target group by the use of the promotional mix.

Services: After the product/ service have been sold what support services does the organization have to offer. This may come in the form of after sales training, guarantees and warranties for eg if any customer don't like service then in return hotel will give them compensation or complementary.

After all above process they will going to fixed their price of their service including profit which is important to survive them in this business field and to do competetion between their competitor.

1. 2. 1 Position of organization Hyatt Regency

Hyatt Regency is an international chain hotel started in 1957 from America. It started form small motel at that time but now it's branches are all over the world which means it gaining profit and investing it in same business in othere country. In 1957 it started from just a single motel now it has more than 50 Hotels all over the world.

According to Porter E. M, (1998); there are four stages of business which are given below:

growthshare

(Figure source: BCG share matrix, 2007)

Resources are allocated to business units according to where they are situated on the gird as follows:

Cash Cow: In this unit business has a large market share in a mature but businesses is still growing, and generate the cash from which cash can be invested in other business.

Star: Business which has large share market in fast growing industry which may generate cash but the market growing rapidly they require additional investment to maintain their lead. If it success then star will turn into cash cow when it matures business.

Question Mark (or Problem Child): In this category business and market will be small and high growth market, these types of business requires resources to grow market share but whether they will succeed and become a stars is unknown.

Dog: In this business will be small market in mature industry, dog is may not require substantial cash, but it ties up capital that better be deployed elsewhere. Unless a dog has some other strategic purpose, it should be liquidated if there is little prospect for it to gain market share.

According to BCG Hyatt Regency is lies on star because it is still growing and however it earn profit they still investing their money to give more facilities to their regular customer and their buyers (agent). So that this organization Hyatt Regency comes under the Star. This is still growing business and still investing their money to reinnovate and decoration as well as different facilities to guest and its aim is to become no1 giant resort in Nepal.

1. b Product life style

According to Kumar ET el (2005), The flow of the product in market from production level to maturity period or the flow of the product in market. In other words the co design of product from manufacturing to market, there are four phases of life cycle they are Introduction, growth maturity and decline. In this four phases product life cycle will be finished and it will repeat again for the organizational goal of profit.

http://www.12manage.com/images/picture_product_life_cycle.gif

(Figure source: product life cycle, 2008)

There are four stages of life cycle or this product, in which product will have different types of activity which are as follows:

Introduction

Growth

Maturity

Decline

Introduction

A product is developed and comes to market, in introduction we will develop our product and take them to market to sell. While doing production there will be different cost or expenses and we will calculated our cost price (CP) and market price (MP), included certain profit before sending them in market. At introduction there will be little sale because this phase is an

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introduction of product so we are not able to get as much as profit in certain time because of introduction time and price will be high. Price will be high because all things should be done like marketing, advertisement, and some of promotion which is important for business to earn profit.

Growth

Consumers learn about it and more people buy it. It becomes more competitive through modification, price adjustments. Wider distribution and other initiatives. In this stage sales will be high and the production cost will be low because we haven't do like marketing of that product, advertisement cost will be reduced so the cost of product will be little low so every one can buy this to use. At this level demand will be high so we can product high quantity so the labour cost will me same and product will be high. This stage is important for product because demand should be high to get the expected profit and high demand.

Maturity

The product generates profit with less " tinkering" but problems can arise such as the arrival of competing product in marketplace. The product may be modified or marketed in a new way to keep profits strong. At this level we can not able to get more profit because there will be other more competitors in market so at this period there will be Break Even Point (BEP), which means no profit no loss. At this level price will be stable and customer will began to look for substitute product.

Decline

Sales decrease because of market saturation. Obsolescence or thither factors. At this period sales of product will be decrease because of market saturation, because of this time demand and the supply of this product will be quiet due to the market, it will be decline after the maturity period it will remain in BEP in quantity but the demand of product will be low. Customer will be decrease due to the promotional pricing.

According to Ennew et el (2007), promotional price is the price or new customer acquisition activities, which is prevalent in virtually every category of consumer goods and service marketing, should be financial services be exempt, it dose indeed have perfectly legitimate role to play in financial services. In short word the price which is used to sell for marketing without marginal profit on it.

The demographic questions asked in the survey number of employees and yearly revenue are strong indicators of company

Market segmentation under niche market strategies with SWOT analysis under

Creating and developing customer loyalty

Network and relationship marketing

Brand identity and strategy

Strateic customer realtins

Viral and guerrilla marketing

Effectiveness of e-marketing

Tactics on your organization pursuing and the relevance (2a)

Determine the effectiveness (2b)

Discuss which tactics the organisation is not pursuing which may be relevant to the organisation and should be pursued (2c)

Conclusion on the effectiveness of the marketing and public relations strategies being currently pursued based on the detailed analysis part 1 and 2 (3a)

Suggest recommendations for improvements in terms of the marketing and public relations strategies which the organisation may need to implement. (3b)

Customer loyalty