

MARKETING OF HOSPITALITY SERVICES OF SELECTED 3STAR &5 STAR HOTELS IN HYDERABAD--WITH REFERENCE OF MARKETING MIX COMPONENT OF PHYSICAL DISTRIBUTION MIX

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Introduction

The purpose of business is to create and maintain satisfied and profitable customers. Customers are attracted and retained when their needs are met. The marketing concept holds that achieving the organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors. Almost all organizations including the hospitality have been adopting the marketing concept. The marketing process is defined as “The process of (a) analyzing marketing opportunities (b) selecting target market (c) developing marketing mix and (d) managing the marketing effort”¹. Customers are at the centre of marketing process. Through market segmentation, targeting and positioning, the organization divides the total market into smaller segments, selects segments it can best serve and focuses on serving and satisfying these segments. It then designs a marketing mix to produce the response it wants in the target market.

Objectives of the Study

To present the marketing strategies of hotel industry with special emphasis on select 5 star and 3 star hotels in Hyderabad with reference to marketing mix components .

Methodology of the Study

The study is mostly an exploratory and descriptive but empirical study based on data of sample star hotels. It aims at discovering how well organized hotels located in cities are pursuing the prescribed principles and practices of hospitality marketing and with what result.

Significance of the Study

The study is useful to the following groups.

1. The present study is useful to the 10 hotels which are included in the study to make necessary changes in the Marketing Mix strategies to improve the Customer satisfaction.
2. This type of studies are also useful to the policy makers to make necessary changes in the policies relating to the services of hotel industry
3. Academicians and other scholars can make use of this type of studies to make for their insights into the related topics

Among the 10 selected sample hotels, hotels have branded themselves as under:

1. Taj Krishna – 5 star – Luxury Hotel.
2. ITC Kakatiya Hotel-5 star – Luxury Hotel
3. The Marriott -Hyderabad) – 5 star – Luxury Hotel
4. Taj Residency – 5 star – Luxury Hotel
5. The Manohar-5 star – Business Hotel
6. Hotel Golkonda – 3 star – Luxury Hotel.
7. Quality Inn-5 star – Business Hotel
8. Hotel Baseera– 3star – Business Hotel
9. Kamat Lingapur– 3 star – Business Hotel.

10. The Central Court– 3 star – Business Hotel.

Hyderabad being the fast growing business centre, and it is the destination and a preferred venue for many major organizational conferences, the inflow of corporate / business people is very high and therefore all the 5 star hotels are eyeing on this market segment and competing among themselves for a larger market share by attracting this segment by augmenting their accommodation and banquet facilities.

Marketing Mix for Services

The marketing mix is a “mix of ingredients to create an effective marketing offer for the target market. The increased attention to the application of marketing concepts in the services sector has brought into question what the key components or / elements of a marketing mix for services are, or what they should be. The traditional **4 p’s** of the marketing mix–“**Product, Price, Physical Distribution and Promotion**” are derived from a much a longer list developed from the Haward Business school in 1960’s, the original list consisted of 12 elements including plan, Branding, Personal selling, packaging, fact- finding and analysis.

Expand Marketing Mix for services including Hospitality: Overtime the **4 p’s** were widely accepted for product marketing mix. However, the special characteristics of services posing challenges to management have led service marketers to conclude that they can use additional variables to satisfy service customers and adopt the concept of an expanded marketing mix for services. The expanded list includes 5,7 and 11 elements also. Not withstanding the divided opinion on the number, majority of the authors on marketing including great personalities like Philip Kotler Zithmal and Bitner Lovelock etc., have considered **7 p’s** the optimal mix of services. They are

- Product
- price
- physical distribution
- promotion
- people
- process, and
- Physical Evidence.

However as rightly observed by **Phillip Kotler**, “The issue is not whether there should be 4, 7 or **10- p’s** so much as what framework is most helpful in designing marketing strategy”². Marketing mix is mixture of strategies that is used by the management to accomplish the objectives and goals. To adopt it management has to make decisions about each element in the mix and determine how people will respond to the strategies separately and in combination. All the decisions about the marketing mix strategies then become the strategic marketing plan. “A marketing mix like a football team, calls for a collaborative effort among players, each member contributing to success in a different yet important way”³.Against this background of the widely accepted optimal mix of **7 p’s** for services marketing, this chapter has analyzed the strategies relating to the first **4p’s** in the selected sample star hotels .

A. Rooms

In broader terms, our selected sample star hotels offer three categories of rooms as below:

Category of Rooms	Target group
1. Non – Executive Rooms	1. Individuals and Families
2. Executive Rooms	2. Business Executives / Officials
3. Suites	3. Higher Income Group including business and leisure travellers.

In each category, there are again a variety of rooms to suit the needs and capacities of different strata in each target group. Rooms differ in size, design, décor, facilities and services.



1. **Non- executive Rooms:** these are intended for individuals and families who visit on personal work or holidaying. They are provided double bed and limited facilities and services.
2. **Executive Rooms:** As the name implies, they are intended for business and official visitors. They are a bigger size, of different design and décor and provide additional facilities and services. These include high speed wireless internet connectivity, LCD/Plasma TV, access to exclusive club Lounge, business centre, small meeting room / office, mini-bar, complimentary transport to air port etc.
3. **Suites:** The biggest and more elegant parlour with a living rooms, Dinning room, master bedroom, Mini - Bar, more than one bath room, a small kitchen, exclusive butler, personal fax and also a private swimming pool in 5 star deluxe hotels.
4. **Exclusive Rooms for Women Guests:** Gender segmentation has long been used in marketing clothing, cosmetics, magazines, education and so on. It is just beginning to be used in the hotel industry. Hoteliers are now taking women guests into consideration in designing their hotel rooms. Exclusive rooms meant for the single lady traveller have amenities keeping in mind her requirements and special needs pertaining to bath rooms, security, safety and comfort levels.
5. **Hotel within a Hotel:** The concept of ‘Towers; i.e., hotel within a hotel is also followed by a few hotels. Hotel within a hotel is a club suite/floor, with special amenities for executive guests.

TABLE NO. I.1,SHOWING BROAD CLASSIFICATION OF ROOMS IN SELECTED STAR HOTELS OF HYDERABAD

Hotel Category	Non-Executive/ Personal Rooms-	EXECUTIVE ROOMS	SUITES	TOTAL
5 Star Hotels	534	638	113	1285
3 Star Hotels	333	195	63	591
Ground Total	867	833	176	1876

It is obvious that 5 star hotels are mostly meant for corporate / business executives and higher –ups with more than 63 percent of the rooms targeted for this segment whereas only 37percent for individuals/ families. As regards 3 star hotels, their target is middle class guests as evident from majority of the rooms (74 percent) intended for them, followed by executives (26 percent) from small and medium enterprises. Only three of the 6 selected sample star hotels has “Eva Floor” with exclusive rooms for women. Service in these rooms is done by all ladies team. Other hotels are providing “non-smoking rooms” to single lady travellers Towers concept i.e., hotel within a hotel is widely applied and published by ITC Hotel Kakatiya Sheraton and Towers. “Towers” form part of the name of the hotel in six Sheraton hotels, including the one at Hyderabad. Towers club is a separate floor specially designed for executive class to provide the finest in hospitality and personalized service in an atmosphere of gracious elegance, where everything needed is provided under one roof.

TABLE. No. I.2,SHOWING LOGOS OF SELECTED SAMPLE STAR HOTELS

S.NO	NAME OF THE HOTEL	LOGO
01	Taj Krishna	
02	ITC Hotel Kakateya Sheraton and Towers	

03	Marriott Hyderabad	
04	Taj Residency	
05	The Manohar	
06	Hotel Golkonda	
07	Quality Inn Residency	
08	Hotel Baseraa	
09	Kamat Lingapur Hotel	
10	The Central Court Hotel	

Physical Distribution Mix

Like other organization, the hotel industry also needs a sound distribution strategy to extend its services to the ultimate consumers. “If we view properties as the heart of a hotel company, Distribution systems can be viewed as company’s circulatory system”⁴. Notwithstanding that hotel services are offered at the point of production, channels still play an outstanding role. Perishable / Non-storable nature of hotel products/ services adds to the significance of their timely distribution. In today’s competitive environment it is not enough to count on a central reservation system and own sales force. Hotels must develop increasingly integrated and comprehensive distribution networks. Innovative ways of approaching new and existing markets are needed. Globalization facilitates foreign partnership / alliance and the hotels therefore have to tap new resources. New electronic distribution methods have to be availed of for effective communication with customers

A distribution channel is a set of independent organizations involved in the process of making a product or service available to the consumer or business user⁵. Traditionally distribution systems are used to move tangible products from the manufacturer to the customer. In the hospitality industry, distribution systems are used to bring the customer to the product supplier – the hotel/ restaurant. In the hotel industry the distribution of services is mainly

related to the transmission of information to the ultimate consumer and convincing him to approach the service provider to experience the best of the required service.

Channel Members

Many specialized channels are available to hospitality and travel organizations, the important among them are: Travel agents, Tour wholesalers, In - house selling, Telemarketing. Internet, Transport organizations, direct mail, Alliances, Franchising. Department of Tourism etc. A hotel manager, first choose the intermediaries that will make up the distribution system and number of levels that the distribution system will have. Once members and levels have been selected, the focus shifts to managing the channel. A number of factors are found influencing the distribution process such as the locations of the point of sales, the cost of distribution, the effectiveness of marketing efforts and the image of the hotel.

Role of Channel Members

Business location:

One of the most important aspects of distribution for hospitality organization is location. For businesses whose customers come to them, convenient location is prime contributor. This is due to fact that a well located small business also can often be sure of an adequate flow of customers to its area. Hotel sites are evaluated on the attractiveness of their location to persons coming to that destination. Competition, growth potential and accessibility of the different areas will be evaluated. The location must not only be favorable at present time but also must continue to be good throughout the life of the business. Selection of site forms a critical part of strategic marketing.

Travel Agent

The development of hotel industry is substantially influenced by the development of the travel industry. The travel agents are found playing a significant role in both the industries. Travel agents book the hotel rooms / accommodation on behalf of their customers as per the preferences of the Customers. Travel agencies offering tour packages have linkage with hotels which suit the target customers of the tour and patronage them. Almost all the hotels are found linked to the travel agents who make available to their clients the necessary information regarding booking, reservation and confirmation. Hotels motivate travel agents through competitive commission charges, quick settlements and wide publicity in their websites, brochures and advertisement

Global network

Central Reservation system, International sales offices and Consortium are the latest tools used by hoteliers also to extend their distribution network globally. Internet Reservation system provides a person the facility to book any of the hotels anywhere in the world which is a member of this group. Hotel chains have their own central reservation systems also. Internet is the latest technology used by the hotel customers to know of the hotel and book the rooms. The websites of the hotels or business travel portals related to the hotel industry introduce the hotel and have with them an online intention to reserve the hotel room has to fill in his details and other requirements of the hotel. He will immediately get the online confirmation and hotels also show the room availability position to the customers to plan accordingly.

A consortium is a group of hospitality organizations formed for the mutual benefit of the members. Marketing is often the reason why consortium allows a hotel to be independent in ownership and management, while gaining the advantages of group marketing. An example of a consortium is leading hotels of the world.

In-House selling

In- House selling is defined as “promoting a sale informing the consumer of the variety products and services available in the hotel and benefits and advantages of using these products and services”⁶. The restaurants, bar, accommodation and banquet rooms are the services to be sold and receptionists, waiters, barmen and the sales executives are the personnel meant for this purpose. Further, it is essential to have informative signs, directional signs, displays (menu cards, brochures, tariff cards etc.,) to facilitate in-house selling.

Telemarketing

Telephone marketing, also known as tele-marketing in the USA, has gained popularity the world over, for selling of the services provided by hotels. We find this method of selling reactive to enquiries and proactive to target customers. Its use for selling to the general public has undergone radical changes in the last decade. It may play a much larger role in the hotel marketing in future. It is also found cost effective and can be used successfully for selling these services and generating substantial revenues. Telephone selling saves a lot of time and can be remarkably effective.

Marketing executives

Marketing executives, who are a part of hotel organization, also canvass business by meeting the corporate clients, big organizations and institutions with package/discount offers under different schemes.

Alliance/ franchising

This is the most common type of distribution in services, with franchiser's licensing their brand name, business process or formats, unique products, services, or reputation in return for fee and royalties. "Franchising" ⁷ works well with services that can be standardized and duplicated through the delivery process, service policies, warranties, guarantees, promotion and branding. Examples include- Mc Donalds, Burger king, Red Roof Inns, Starbucks, Coffee Houses, Choice Hotels, Holiday Inns, Pizza Hut, Ramada, and Marriott etc. The franchisee gets the advantage of being part of reservation and sales system which ensures a certain level of business which may not be available otherwise. The franchisee also benefits from the image of franchiser, professional advice and training provided by the franchiser. In the process, he improves his own operational image and efficiently. The franchiser also benefits as his investment is not required in the franchisees properties. At the same time, the franchiser's distribution system is expanded and the franchisee is well motivated to succeed in his own business.

Co- operative marketing

This implies passing on traffic overflow from one hotel to its neighbour on a reciprocal basis without effecting regular business with the main intermediaries in the distribution system.

Apart from the above, there are other categories of mediators like the Cabman / Taxi wallahs who bring the customers to the hotels through their recommendations. These sources are however, utilized more by customers of budget hotels.

Physical Distribution by Selected Sample Star Hotels

- All the selected sample star hotels were established in the 80's or mid 90's and are well located, as evident from their proximity to airport and railway station. While one of the 5 star hotels is located at the exit gate of the airport, one more 5 star hotel and one 3 star hotel are located very nearer to airport and railway station. The remaining 7 selected sample hotels also are located within a distance of 3-7 kms to the airport and railway station. The hoteliers also agree that location is advantageous to them.
- All our selected sample star hotels have linkage and rapport with the leading travel agents. They reported that they get on average 10 percent of their business from travel agents and pay normally 7-10 percent commission to the travel agents for accommodation they book. In case of group bookings they are allowed complimentary rooms (1 or 2). If travel agents maintain websites, they are paid a fee for inclusion of hotel particulars in their respective websites. They are supplied with all the printed promotional material by the hotels. Marketing executives will be often interacting with the leading travels, motivate and guide them as a part of their promotional drive. They are invited for special functions organized by the hotel and are treated like a corporate client.
- All our selected sample star hotels have internet booking facility. All the hotels provide the details of the reservation network for the hotel in and outside the country in their tariff cards and websites. Group hotels like Taj Krishna, Taj Residency, ITC Hotel Sheraton and Towers, Quality Inn Residency have centralized reservation system under which reservation can be done from any of the group hotels and also the franchisor hotels. These

hotels have international sales offices also which facilitate booking, Four 5 star hotels and one 3 star hotels have toll free reservation facility. 5 star hotels reported 25-35 percent reservation through internet, while 3 star hotels reported 10-15 percent. Internet booking is on the rise.

- All our selected sample star hotels have reported that they take care of In-house selling by providing for menu cards, tariff cards, brochures, displays and directional signs which help the staff in in-house selling. They have also expressed satisfaction over the role of the operational staff in enlightening the visiting guest and motivating him to make use of variety of hotel products and services. The operational staff are regularly supervised in their behaviour towards customers and discharge of their duties and are provided the guidance in the matter. Customer feedback is given the top most weightage in evaluating the performance of operational staff.
- While all the staff of the marketing/ sales department are actively involved in telemarketing, the front staff are only reactive to the enquiries made by prospective customers. None of the selected sample star hotels has telemarketing executives, exclusively for telemarketing.
- Among 5 star hotels Taj hotel have 8 Marketing Executives to personally sell Products and services of the entire Taj Group in the city. Other 5 star hotels have 2-4 marketing executives, whereas 3 star hotels have 1-4.
- Cooperative marketing is resorted to during the peak season and on special occasions only, the hotels of the same category, on the request of customer.
- Dept of Tourism, Government of India is the apex body which will accord approval and award star category which in turn help market positioning of the hotel. Hotels do maintain good rapport with Department of Tourism at central and state levels to procure business from it, treating it as a corporate client. They get business from the department, out of package tours, fairs and exhibitions and special conventions organized by the Department of Tourism. They reported 2-5 per cent business.

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