

Marketing Mix from the Viewpoint of Zanjan Grand Hotel Costumers

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ABSTRACT

Marketing Mix is one of the main elements of marketing plans. It is used to describe the combination of tactics used by a business to reach its goals within a particular market. Some marketing researchers developed it and added some other dimensions to the first four P's and others changed it to C's. In service organizations there must be more than 4P's because the nature of products in this field is different from other goods and products. This paper focuses on evaluation of marketing mix in a service organization, Zanjan Grand Hotel, from the viewpoint of its costumers to show the strength and weakness of Hotel in its costumer's perspective. 300 questionnaires were administered in the period of May and June 2010. The collected data was analyzed through the SPSS software.

KEY WORDS: *Marketing, Marketing mix, Zanjan Grand Hotel (ZGH)*

INTRODUCTION

The new millennium in business arena can be called age of competition. Peter Drucker believes that organizations will have just two tasks to do in order to survive in such an environment: innovation and marketing (Kotler, 2005). For being successful in competitive markets organizations must have competitive advantages and that is why one of the main objectives of marketing plans is creating competitive advantages for organization. A widely held maxim among academics and practitioners of marketing is that, in order to compete effectively, businesses need to achieve a dynamic fit between their internal resources and capabilities and their external market environments. This viewpoint is reflected in the definition of strategic marketing planning by Kotler et al. (2003) which considers market-oriented planning to be a managerial process of developing and maintaining a feasible fit between the organization's objectives, skills and resources and its changing market opportunities (Fyall and Garrod, 2006). Marketers usually consider four strategic element as Product, Price, Place and Promotion when the matter is marketing strategies of goods; but service nature involve other dimensions such as costumer's participation in product process and importance of time, need some other critical elements (Lovelock and Wright, 1999). In this research, we try to evaluate Zanjan Grand Hotel guests' viewpoint on its marketing mix and ranking of these dimensions in their view.

THEORETICAL FRAMEWORK

Marketing is a term that has many definitions. Kotler defines it as the art and science of knowing, creation and offering value for satisfying target market's need and gaining benefit for organization (Kotler, 2005). American Marketing Association (AMA) defines marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. These definitions present marketing as a functional process conducted by the organization's marketing department whereas others like Drucker and McDonald mention it

as an organizational philosophy or 'an approach to doing business'. Drucker (1973) mentioned that Marketing is so basic that it cannot be considered a separate function on a par with others such as manufacturing or personnel. It is first a central dimension of the entire business. It is the whole business seen from the point of view of its final result, that is, from the customers' point of view (Gilligan and Wilson, 2003) and McDonald defines it as a matching process between a company's capabilities and the wants of customers (McDonald, 1999). It seems that shorten definition of marketing is "Meeting needs profitably" (Kotler and Keller, 2006). The marketing of services depend much on interdependence of Marketing, Operations, and Human Resources (Srinivasan, 2009). Services marketing is the marketing based on relationship and value. It may be used to market a service or a product. Marketing a service-based business is different from marketing, a goods-based business. There are several major differences, including:

1. The buyer purchases are intangible
2. The service may be based on the reputation of a single person
3. It is more difficult to compare the quality of similar services
4. The buyer cannot return the service (Afridi, 2009).

ACCOMODATION MARKETING

Organizations continually seek new ways to acquire, retain and increase business, since the cost of losing customers is rising. Service organizations such as hotels need to put in place competitive marketing strategies to improve their competitiveness and thus retain customers. Once demand is created, a hotel needs to manage this demand as well as its capacity to deliver (Petzer et al, 2008). With the obvious exception of same-day visits from home, all other forms of tourism involve overnight accommodation. Accommodation is, therefore, one of the five integral components of the travel and tourism product. The many different forms of accommodation and the ways in which they are marketed have a massive influence on visitor choices, behavior and the types of product they buy. In marketing terms, locational convenience, high standards of comfort and efficiency and value for money are, therefore, the primary features or core product to be communicated. Within their price band, the extent to which the primary elements are perceived to be delivered is the basis for customer choice. Accommodation plays a functional role (Middleton and Clarke, 2001).

Although sales of room-nights, especially in the serviced hotels sector, seldom contribute more than around 50 per cent of total sales revenue, the average contribution of room sales to profitability is very much greater. According to BDO Hospitality Consulting the gross profit on room sales averaged 75 per cent for London hotels in 1998 (defined as room sales less room operating costs), while the gross profit on food and beverage sales was in the region of 30 per cent. The effect of high fixed costs means that the profitability of additional or marginal room sales may be closer to 90 per cent, while the marginal profitability of food and beverage sales tends to remain fairly constant (Middleton and Clarke, 2001).

Who is the typical lodging customer? According to the AH & LA, 44 percent are business travelers and 56 percent are leisure travelers. The typical business room night is generated by a male (65 percent), age thirty - five to fifty - four (50 percent), employed in a professional or managerial position (44 percent), and earning an average yearly household income of \$85,900. Typically, these guests travel alone (56 percent), make reservations (90 percent), and pay \$112 per room night. The typical leisure room night is generated by two adults (42 percent), ages thirty - five to fifty - four (41 percent), and earning an average yearly household income of \$77,100. The typical leisure traveler also travels by auto (77 percent), makes reservations (86 percent), and pays \$103 per room night (Goeldner and Ritchie, 2009).

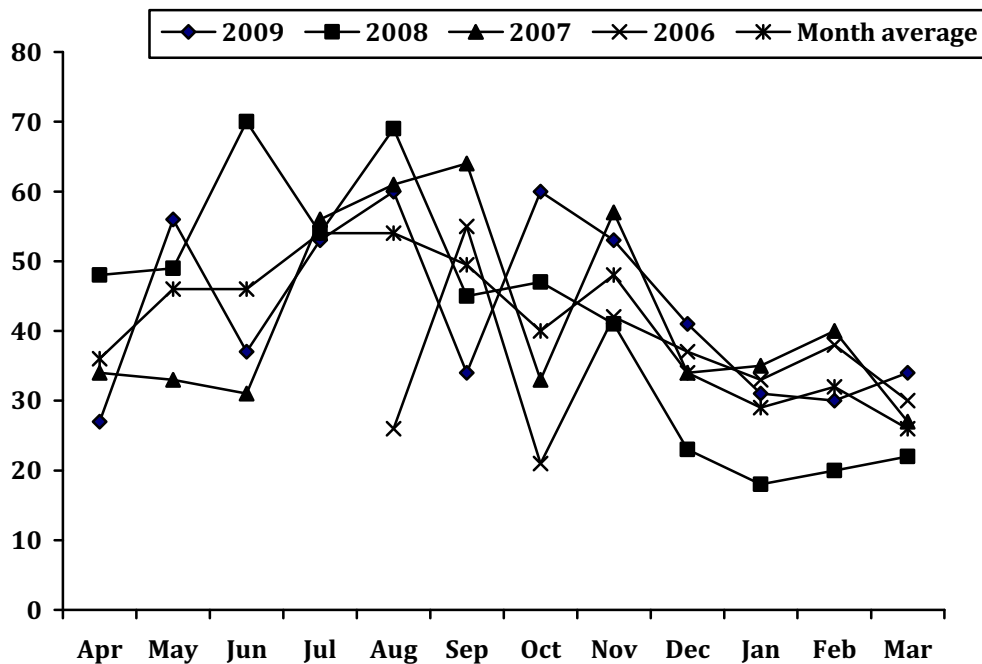
ZANJAN GRAND HOTEL (ZGH)

ZGH is the first 4star hotel in Zanjan city, capital of Zanjan province¹. It has 42 room (double and twin) and six suites that altogether can serve 150 persons (zanjangrandhotel.ir). The average occupancy rate of the rooms from the opening time until now (July 2010) is 41% that comparing with global statistics which is 55% to 65% (Inskeep, 1999; Middleton and Clarke, 2001; Goeldner and Ritchie, 2009) is low but in comparison with other hotels in Zanjan (33%) is fairly suitable.

Table (1): Room Occupancy Rate by Percentage in ZGH

Year/Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2009	27	56	37	53	60	34	60	53	41	31	30	34
2008	48	49	70	54	69	45	47	41	23	18	20	22
2007	34	33	31	56	61	64	33	57	34	35	40	27
2006	-	-	-	-	26	55	21	42	37	33	38	30
Month average	36	46	46	54	54	49.5	40	48	34	29	32	26

Source: Zanjan province administration of cultural heritage, handicrafts and tourism, 2010

Diagram (1): occupancy rate of ZGH

¹. One of the 31 provinces of Iran located in northwest.

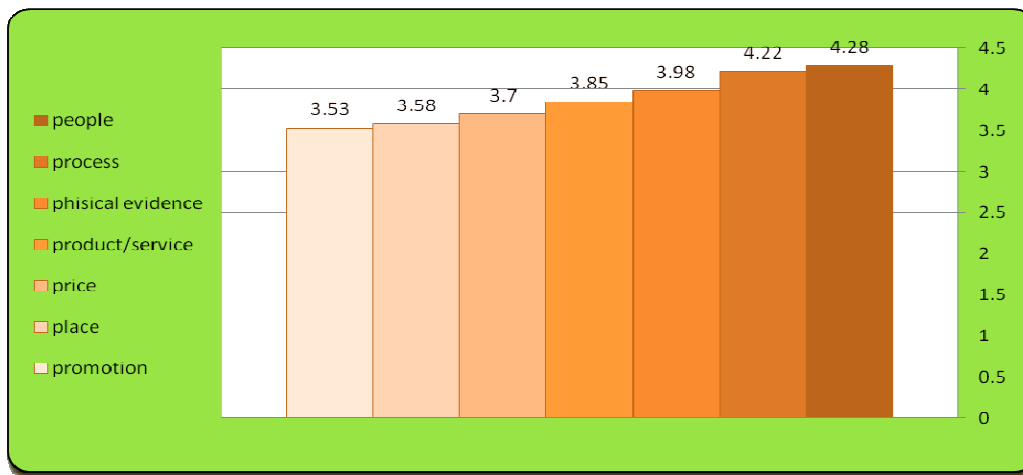
METHODOLOGY

In order to gathering information for this survey a questionnaire was used. Since full access to all customers was impossible, so the sample was chosen among all guests who accommodated in ZGH between May and June 2010. A review of occupancy rate in May and June was done and it revealed to be 45%. Then the volume size was determined to be 100 people. 300 questionnaires were distributed, 107 of which were collected. Among them 87 questionnaires were used in analyzing information.

DATA ANALYZING

For analyzing gathered information a 5 point Likert scale was used ranging from very good (5 score) to very weak (1 score). As shown in chart below, the highest score in marketing mix elements belongs to People (4.28) and others were Process (4.22), physical evidence (3.98), Product (3.85), Price (3.7), Place (3.58) and the lowest, Promotion (3.53).

Diagram (2): Importance Level of ZGH Marketing Mix Dimensions



PEOPLE

In the viewpoint of ZGH guests, People receive the highest score in marketing mix. It shows the significance of human resource in service industries. Any particular element of marketing mix has also some minor dimensions to be reviewed. For example table 2 refers to minor elements (factors) concerning People and their ranking (significance) according to viewpoints of customers. Among factors of this (P), each factor has its score. Score ranking of this dimension shows that the highest score belongs to politeness and Courtesy and the lowest belongs to personnel's ability to solve guests' problems. These scores clarify that there is a need to promote skills of personnel by special training courses and workshops.

Table (2): Scores and Ranks of People Dimension

Factor	Score	Rank
Personnel willingness and attentiveness to the costumers need	4.25	3
Politeness and courtesy	4.64	1
Personnel skill concerning their responsibilities	4.11	5
Personnel ability to solve guests' problems	4.10	6
Personnel ability to offer suitable advice	4.16	4
Appearance and uniform	4.41	2

PROCESS

Second rank in marketing mix belongs to processes dimension. This dimension has five factors in questionnaire. Among them the highest score belongs to personnel participation to guide costumers and the lowest belong to readiness of bill in check out time. It is important to consider that the lowest factor was more important for loyal customers who resided in hotel more than once and not caring customers' questions was the reason for such a low score. However examining other factors, scores demonstrate that room reservation and check out processes have some problems which needs more attention and facilitating this processes.

Table (3): Scores and Ranks of Process Dimension

Factor	Score	Rank
Check in process	4.19	3
Easiness of reserving process	4.27	2
Personnel participation in guiding guests	4.50	1
Easy bill payment	4.15	4
Readiness of bill in check out time	3.98	5

PHYSICAL EVIDENCE

For analyzing this dimension seven factors were considered. Cleanliness of interior environment and room received the highest score and light of the room received lowest. This factor significantly received low scores and it must be investigated to see why it happened? Guiding signs and room decoration are factors that need more attention by ZGH management.

Table (4): Scores and Ranks of Physical Evidence Dimension

Factor	Score	Rank
Cleanliness of interior environment and room	4.46	1
Pleasant atmosphere of room and lobby	4.24	2
Suitable guiding signs	3.89	6
Suitable facilities (bath, lift and...)	4.08	3
Room light	3.16	7
Decoration and color of room and its facilities	4.03	4
Attractiveness of hotel building	4.01	5

PRODUCT / SERVICE

Five factors were selected to evaluate product dimension of ZGH marketing mix. Here, the highest score belongs to quality of room equipment and the lowest was related to variety of food and beverage. As a matter of fact, quality of food and beverage received lower scores comparing with other factors; it is clear that restaurant and food services of hotel need to be reconsidered. Some respondents complained about quality and variety of food in contrast with other restaurants in contrast with other restaurants. With regard to score of "adaptability of ZGH services with your image of a 4 star hotel" factor that received low score too, and newcomers threat, it is an important alarm for ZGH as a producer of 4star hotel services.

Table (5): Scores and Ranks of Product/Service Dimension

Factor	Score	Rank
Quality of room equipments	4.07	1
Variety of food and beverage	3.72	4
Quality of food and beverage	3.79	3
Adaptability of ZGH services with your image of a 4 star hotel	3/79	3
Appropriateness of hotel services with your needs	3/90	2

PRICE

In order to analyze services price in ZGH, five factors were selected. Among these factors, different forms of payment received the highest score and discounts received the lowest score. It should be considered that discounts are common in whole sales or low seasons. Price of the room has one of the lowest scores too. It seems that this one is due to the image of costumers of a 4 star hotel that was mentioned in above lines.

Table (6): Scores and Ranks of Price Dimension

Factor	Score	Rank
Room price	3.61	4
Food and beverage price	3.66	3
Different forms of payment (cash, credit card, ...)	4.30	1
Discounts	3.20	5
Services price in comparison with other hotels	3.72	2

PLACE

This dimension stands in the six place of ZGH marketing mix. Five factors were selected to evaluate this dimension. The highest and lowest scores belong to suitable accessibility to hotel and sport and other recreation facilities respectively. Sport facilities is one of the main problems of ZGH that mentioned by guests. Swimming pool and gym facilities is going to be completed in the near future.

Table (7): Scores and Ranks of Place Dimension

Factor	Score	Rank
Suitable accessibility	4.37	1
Parking facilities	3.95	2
Interior decoration of hotel	3.87	3
Communication facilities	3.67	4
Sport and recreation facilities	2.03	5

PROMOTION

The last rank in ZGH marketing mix from the viewpoint of its costumers belong to promotion. Three factors were selected to evaluate this dimension. Among them, good public relation has the highest score and advertising and marketing has the lowest score. In above lines it was mentioned that marketing scholars refer to marketing as an organizational philosophy rather than only an organizational unit. The critical point about ZGH is that this hotel has not even special unit for its marketing activities It is obvious that in short term, and because of being the market leader (that is the first 4 star hotel), hotel can survive but by new competitors entering the market in near future, it will be clear that this hotel will have to pay attention to marketing more as said before: "in future, organizations have and just have two tasks; innovation and marketing.

Table (7): Scores and Ranks of Promotion Dimension

Factor	Score	Rank
Marketing and advertising	3.21	3
Good public relation	4	1
Direct access of costumer	3.75	2

CONCLUSION

Marketing is a subject that in most SMEs (especially in Iran) has been ignored. By increasing competition in business world, it can be forecasted that in future, service industries like hotels have to go toward new methodologies for attracting and maintaining costumers in order to survive in new environment. Organizations and companies have to be market oriented and pay exact attention to costumers needs in future (Walker et al, 2001). Marketing mix is one of the most important elements in marketing. This mix is a combination of some dimensions in the marketing strategy. In contrast to environmental factors on which enterprises/firms has no control, understand and be aware of costumers' perceptions from what businesses offer them, has an important role in an organization's future programs and plans because it is the main step in better offering the products to customers in a sustainable manner. In this research Zanjan Grand Hotel customers' viewpoints about its marketing mix was investigated in order to better understand the controllable dimensions of hotel and help it to plan and reorganize in managerial and marketing issues. It can be concluded that the lowest score in ZGH marketing mix is contributed to Promotion, which needs significant and more attention. On the other hand People and Process dimensions receive the highest scores and other factors are rated in between.

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