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A Study on Challenges and Opportunities in Hotel Services

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ABSTRACT

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. This study investigates the importance that hotels attach to executing competitive marketing strategies, as well as managing supply and demand. The study also determines whether or not hotels of different size and ownership type differ in their view of the importance of carrying out these functions. An interviewer-administered in-office survey was used to collect data from hotel managers in Gauteng. Hotel managers across the board consider all competitive marketing strategies as important. Significant correlations exist, however, between the importance attached to certain competitive marketing strategies and the size of hotel – as well as the hotel ownership type.

Keywords: competitive marketing strategy, hotel, services marketing, competitive advantage, sustainable competitive advantage, positioning, service life cycle, supply, demand, capacity

1. INTRODUCTION

Given the intangibility of services, marketing them becomes a particularly challenging and yet extremely important task.

A key differentiator: Due to the increasing homogeneity in product offerings, the attendant services provided are emerging as a key differentiator in the mind of the consumers. Eg: In case of two fast food chains serving a similar product (Pizza Hut and Domino's), more than the product it is the service quality that distinguishes the two brands from each other. Hence, marketers can leverage on the service offering to differentiate themselves from the competition and attract consumers. which involve the use of a mobile device to pay for goods or services, to the use of a debit or credit card to effect an EFTPOS payment.

Importance of relationships: Relationships are a key factor when it comes to the marketing of services. Since the product is intangible, a large part of the customers' buying decision will depend on the degree to which he trusts the seller. Hence, the need to listen to the needs of the customer and fulfill them through the appropriate service offering and build a long lasting relationship which would lead to repeat sales and positive word of mouth.

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Customer Retention: Given today's highly competitive scenario where multiple providers are vying for a limited pool of customers, retaining customers is even more important than attracting new ones. Since services are usually generated and consumed at the same time, they actually involve the customer in service delivery process by taking into consideration his requirements and feedback. Thus they offer greater scope for customization according to customer requirements thus offering increased satisfaction leading to higher customer retention.

2. TYPES OF SERVICES

- **Core Services:** A service that is the primary purpose of the transaction. Eg: a haircut or the services of lawyer or teacher.
- **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. Eg: Home delivery options offered by restaurants above a minimum bill value.

DIFFERENCE BETWEEN GOODS AND SERVICES

Given below are the fundamental differences between physical goods and services:

Goods	Services
A physical commodity	A process or activity
Tangible	Intangible
Homogenous	Heterogeneous
Production and distribution are separation from their consumption	Production, distribution and consumption are simultaneous processes
Can be stored	Cannot be stored
Transfer of ownership is possible	Transfer of ownership is not possible

Marketing objectives

The goals set by a business when promoting its products or services to potential consumers that should be achieved within a given time frame. In other words, marketing objectives are the marketing strategy set in order to achieve the overall organizational objectives. A company's marketing objectives for a particular product might include increasing product awareness among targeted consumers, providing information about product features and reducing consumer resistance to buying the product.

3. LIMITATIONS

Developing of products: The Products delivered directly to participant. Realistically, consumers would receive products by mail or other delivery companies. Also, the researcher interviewed them about the products face to face when presenting products to them. Therefore, participants may have limited their negative comments.

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Bias in the interview: Although the researcher had trained for the interviews and trained to be neutral in the interview process, the researcher could influence participants' answers in the interviews. The researcher's motions and expressions could affect the participants' responses. Also, the researcher could be affected by participants' movements and expressions. This could limit the range of responses and the depth of understanding.

Limited focus area: This research concentrated only on the consumer side. The research did not explore the manufacturing side of the encounter; however, activities in manufacturing did affect the study.

Limited products: This research selected a few items to display on the web site to limit the number of variables in the study. Consumers, however, may want to choose one product from a variety of products.

Limited sources in technologies: This web site was developed for this research under a limited budget. Although a web consultant was used and model sites were identified, this site was simplistic compared to other sites. Participants had difficulties ordering their products because of some site limitations. For example, participants had to return to order page when they chose a product. Usually consumers can order from the product page on the real web site.

4. CONCLUSIONS

Communication between manufacturers and consumers is not easy. This relationship can be built on an encounter format that is much closer than that of store retailers. The Internet can reach consumer's home directly, and the Internet allows consumers to regulate when they communicate with the manufacturer. Sometimes, consumers do not want to communicate with companies, and companies may have a hard time knowing when the best time to communicate with consumers is. For instance, many 120 catalog companies send catalogs to consumers almost every day. How many consumers read them and purchase from companies at that rate? If a company wants to develop a close relationship, the company needs to use a communication tool to promote communication with the consumer. In this study, as in real business activities, many variables were incorporated both on the company's side and the participants' side. Sometimes companies have a hard time knowing why consumers return a product, even though the consumer might be satisfied with the product. The consumer may have reasons that are based on the intangible aspects or the tangible aspects of the product.

5. REFERENCES

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