

HOTEL E-MARKETING: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

Joining a hotel chain requires a major revision of hotel's marketing strategy. The paper examines the process of adaptation of marketing policies of a newly affiliated property to chain rules. First steps like product repositioning and revision of the price structure should strictly follow chain's marketing strategy. Another main concern stems from modifying contracts with partners – in the new situation negotiations are led from the chain management; hence hotel managers do not have the opportunities to contract directly, except with local companies. As all other marketing issues – advertising, promotion, PR, distribution channels - go under the umbrella of chain's marketing strategy, hotel managers should adapt to these rules. In fact, by affiliating a chain, hotel managers lose control over the property's brand, as the latter is now subordinate to the chain's corporate brand. The paper focuses on all difficulties that can be faced in marketing field and outlines challenges for hotel owners.

Keywords: hotel chains, marketing, branding, affiliated hotels, hotel management

I. Introduction

The fast expansion of hotel chains in last decades has been observed throughout the whole hotel industry. They have always attracted researchers' attention being a phenomenon by themselves (Dabeva, 1998; Gee, 1994; Harvey, 2007; Ivanov and Zhechev, 2011). Usually the most often examined topics cover the nature of international hotel groups (Borges, 1995, Dabeva, 1998), political and socio-economic aspects of their development (Gee, 1994), contracts and types of affiliation (Cunill, 2010; Ivanov and Zhechev, 2011), operations and human resources management (Gomes, 2005), as well as marketing issues (Cai, 2004, Daun, 2006). Nevertheless, hotel managers' perspective is a little bit neglected in research. As chains' central management usually impose their rules and standards to the members as "trustworthy", result of previous experience, hotel manager's position and efforts to integrate them in the hotel management remain out of the sight. In fact, the hotel managers of newly affiliated hotels should pass through a long process of adapting the existing working standards to the new ones. Generally, the process of adaptation encompasses hotel operations, marketing and sales, and human resources management. As each of the fields concerned is too large itself, the paper focuses only on marketing aspects of this change. Many researchers concentrate on the centralized management of the international hotel groups, as a main factor, influencing operational and marketing performance of a property (Espino-Rodriguez, 2006). Brewer (2003) examines how the too strong control the franchisor or the chain management exercises may lead to negative impact on the whole property. Velo (2006) pays special attention on difficulties, deriving from cultural diversity when imposing Western style standards in new markets, where local customs still play significant role. In this regard, Harvey (2007) recommends not to lose touch with local roots and like in many industries managers must 'think globally and act locally'. After

analyzing different units, belonging to one hotel chain, Antony (2004) identifies, that the various management styles in each hotel may result in different styles of service and quality, although both properties apply same chain's standards. He highlights the important role of the individual hotel manager and his personality for the success of the hotel and, respectively, the chain. As pointed above, the problem has not received a lot of attention. Therefore, the aim of current paper is to highlight the main marketing challenges faced by hotel managers of newly affiliated properties related to the integration of a chain's principles and standards into the existing standards of the same properties.

II. Dimensions of marketing challenges faced by newly affiliated hotels

III. Market segmentation and repositioning

Product adjustment and incorporating chain's standards inevitably lead to a need of repositioning and call for appropriate market segments. As a part of the chain, the hotel favours the common chain customer policy and product positioning. Yet, the manager should present this new image to the local public and contact potential and loyal clients for current improvements of the property. Now hotel boasts an international presentation due to the affiliation to the international hotel group, but it still appeals to regional market where it is better known and appreciated. The hotel manager is supposed to be familiar with local market, local clients' preferences, local competitors, potential targets, etc., therefore communication of the hotel in the region appears as his commitment.

IV. Product adjustment

After joining any chain, the property needs to reconsider its own product along with the widely perceived image of chain product, i.e. unifying all supporting and facilitating elements to the main product (business facilities for corporate travellers or vacation amenities for holiday travellers). The main advantage of a hotel chain is that in any unit customers could receive a similar product with similar quality and characteristics. For a manager of a newly affiliated hotel adopting the product to chain's criteria could be analysed in two directions. The first one refers to the technical side of the product and includes adjusting all physical features of the product – interior and exterior design, colours, materials, furniture, facilities, atmosphere, etc. The second direction encompasses the functional quality of the product – the chain's set of standards, concerning service and quality. Cai (2004) insists that the managing and delivery of service messages is profoundly more important for a hotel because the strong service message of the brand delivered to the guest up till this moment is muted due to inconsistent behaviour by one single employee. For this reason, parallel with standards the chain management organises full training of the personnel, or provides the manager with instructions how to carry out the training. And it is hotel manager's responsibility to plan, organise, coordinate and control the process.

V. Revising price structure

A newly affiliated property subordinates the central chain pricing policy, which is a basic principle for all chain hotels. Some of the chains prepare ready-made price plans following general principles of the chain, especially when it comes for budget markets, where price is a crucial property selection factor. In such a situation costs should be adapted to the given price, in order to generate profit. It is the hotel managers' role to reconcile financial statements with the centrally imposed revenue scheme. Another common case is when the property

changes its price range because of the new target market it enters. For example, seasons could be different, prices of additional services, which support main product (conference halls, audio and video, fitness, spa and wellness, etc.), or variations of package pricing (room + meals, or room + services – spa, business, etc). In most cases hotel chain management has its own strict policy for price-formatting, either for business services, or for promotional packages, and hotel managers are forced to follow it, even when it does not correspond to some locally adopted rules or customs (for example meal board, or portorage, parking, etc.)

VI. Relationships with partners and suppliers. Distribution channels

A newly affiliated property faces new partners, new suppliers, new conditions of the contracts. Here the main concern comes from most centralised supply systems. In order to reach maximum economies of scale, large international chains contract with internationally presented suppliers in same countries where the chain has members. In this way the chain might oblige hotel managers to abandon their previous partners in favour of chain partners. Furthermore, the privilege to negotiate is often withdrawn from hotel managers. When they have the opportunity to choose local suppliers, the new partner is very carefully examined and it is the central chain management who finally should approve him. This may cause some disadvantages, especially in newly emerging markets, where the higher competition results in better rates and conditions of smaller companies, compared to the chosen international supplier of the chain. Also, the property may lose experienced and loyal partners, who would offer mutual beneficial conditions, on the ground of a long lasting cooperation. Fully analogical are relationships with corporate clients, but with an opposite sign. Many corporate companies tend to cooperate with hotel chains and use them as an exclusive partner for the accommodation abroad of their employees. These contracts come as additional benefit for the newly affiliated property and should be considered by the manager with priority. Furthermore, the relationships with tour operators and travel agencies, a traditional distribution channel for hotel industry, are also affected. After changing its affiliation, product, image, the contracts between the hotel and its intermediaries should be renegotiated as well. Being part of a hotel chain, the hotel gains stronger bargaining power and might receive better conditions from tour operators. On the other side stand again the exclusive contracts of the chain, which the hotel manager should strictly comply with. It is a matter of internal terms for the property manager whether he could be authorised to accomplish any adjustments to contracts on local basis. The access to multiple distribution channels requires from the individual hotel manager an increased attention to properly receiving, processing and finalising all requests, according to contract and terms of each partner. One of the most popular advantages of major hotel chains is their own online booking system. It takes the property to a new level of presentation, giving more chances to be recognised and sold. As an additional distribution channel, it obliges the property manager to stick to the general conditions of the chain concerning direct bookings through their system.

VII. Internal marketing – human resources management

Internal marketing is marketing aimed at the firm's employees, being an essential part of hospitality product (Kotler et al, 1996: 319) Part of each hotel chain's conditions for the newly affiliated properties is the compulsory training, according to the chain's own standards of service quality. The key role of the individual hotel manager appears in cultivating a customer-oriented performance and an active marketing approach in the employees, along with regular technical competences and standard codes of conduct. By building good internal

relations with the personnel, the hotel manager would successfully motivate people to accept and enhance the general mission and corporate values the brand associate, A real challenge for the manager could be settling the chain's rules with cultural diversity and traditions of local employees.

VIII. Marketing process

In the process of marketing research, analysis, planning and control the leading role takes the chain management. Marketing research is conducted centrally and carried out by each individual unit. In this way it covers more clients from different markets, which makes the outcome results more representative and reliable. The chain management analyse all results considering appearing trends and further development in strategic and tactic aspect. As a general rule, the chain management prepares strategy and future aims, leaving action plans to individual managers. They receive only basic directions of development and must prepare detailed plans for implementing the objectives on local level, fully conforming to the principles and objectives outlined by the central marketing department.

IX. Conclusion

To stay independent or join a powerful hotel chain is a critical decision for any hotel. Advantages, deriving from chain affiliation are widely known and discussed, while certain steps of the process in adjusting to chain's standards and rules still need more attention from researchers. The paper outlines main difficulties of this process concerning marketing issues from hotel managers' perspective, thus providing basis for further analysis both for chains' management, and for hotel managers in their marketing activities, especially in newly affiliated properties.

X. References

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