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STRATEGIC MARKETING PLAN FOR A HOTEL

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ABSTRACT

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The aim of this thesis was to form a strategic marketing plan for Hotel X, a small privately owned hotel in Helsinki.

The theoretical part of this thesis presents tourism and marketing from the hospitality industry's point of view; what challenges the accommodation providers face when marketing their products and what kind of plans can be formed in order to keep their marketing actions up to date.

In the research a qualitative method was used and the data was collected using semi-structured questionnaire. In-depth interviews were conducted with the hotel owner and staff members. The results of the research formed the strategic marketing plan outlining the action plans on how Hotel X should proceed with its marketing.

Keywords	Marketing, hospitality industry, marketing plan, accommodation services providers, customer satisfaction
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TIIVISTELMÄ

Tekijä	Maarit Karppinen
Opinnäytetyön nimi	Strategic Marketing Plan For a Hotel
Vuosi	2011
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Opinnäytetyön tavoitteena oli luoda strateginen markkinointisuunnitelma Hotellille X, joka on pieni yksityisessä omistuksessa oleva Hotelli Helsingissä.

Teoriaosassa tarkastellaan matkailua ja markkinointia majoituspalveluiden tuottajien näkökulmasta; mitä haasteita majoituspalveluidentuottajat kohtaavat markkinoidessaan tuotteitaan ja minkälaisia suunnitelmia voidaan luoda markkinointitoimenpiteiden pitämiseksi ajan tasalla.

Tutkimusosassa käytettiin kvalitatiivista, eli laadullista tutkimusmenetelmää. Tutkimusaineisto kerättiin teemahaastatteluilla käyttäen niin sanottua seimi-strukturoitua kyselykaavaketta. Haastateltavina olivat Hotelli X:n omistaja ja työntekijät. Tutkimuksen tulokset muodostavat strategisen markkinointisuunnitelman, jonka lopussa luodaan toimintasuunnitelma sille, miten Hotelli X:n pitäisi jatkaa markkinointitoimenpiteitään.

Avainsanat markkinointi, matkailuala, markkinointisuunnitelma, majoituspalveluidentuottajat, asiakastytytyväisyys

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ABSTRACT

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APPENDICES

1. Introduction

Marketing of any kind of services can be challenging but at the same time interesting. How to market a product in a way that it awakens people's interest and make them think, "I want to have that"? Especially since people are more and more aware of their needs and wants and they will not settle for less.

The basis for this thesis is the fact that I used to work at Hotel X myself. Hotel X is a small hotel and does not have the big marketing development departments that other nation-wide hotel chains might have. So what chances does a small hotel have against such big competitors? As the Hotel X did not have any kind of clear marketing agendas to start with it gave me a good starting line to start developing new ideas in regard to marketing the hotel's services.

1.1 Aim of the study

The aim of the thesis is to create a strategic marketing plan for Hotel X; first to assess the current marketing situation of the hotel and what possible needs and gaps it might have. With the basic information of the situation a marketing plan can be formed. The aim is also for the new marketing plan is realistic and applicable so that the hotel can use it in their marketing.

1.2 Structure of the thesis

The thesis starts with the theoretical part researching different aspects of marketing and specifically marketing in a hotel. In the theoretical part the emphasis is on marketing but the basics of tourism and hotels are also defined and then continuing on examining more closely on how a marketing plan is formed, what parts it contains and what different information is needed to form it.

In the empirical part of the thesis there is first the basic information on how the marketing plan itself will be formed. Starting with the goals of the research as well as the methods on how information will be gathered. The research continues to its more active stage where personal interviews of the Hotel staff and owners

are conducted. With the information gathered from the theoretical part as well as from the interviews the strategic marketing plan is formed.

1.3 Restrictions

Marketing can be a very broad concept and it has numerous different aspects to it. That is why the theoretical part of the thesis is restricted to only research marketing from a service company's point of view. The aim is to create a marketing plan for a hotel so it is important to find out how specifically a hotel can use marketing and what different marketing tools there are available to do so.

In the empirical part the research is restricted to deal with only the hotel in question. All the information gathered in the empirical part concerns only Hotel X meaning that the marketing plan can only be used by the hotel in question.

1.4 Hotel X

Hotel X is a small privately owned hotel in Helsinki, Finland. More precisely it is located in Malmi, close to the Malmi train station and shopping mall Nova. The hotel was established in 1989. In the early 90's the hotel was rented for a couple of years but then returned to its owners in 1994 and the owners have been practicing their hotel business at Hotel X since then.

The business idea of Hotel X is to provide accommodation and restaurant services to its customers. The CEO (chief executive officer) of the company is male and his wife operates as Hotel Manager. Additionally to the CEO and the hotel manager there are five permanent employees at the hotel. The restaurant services of the hotel are outsourced to another company.

In the hotel there are 39 rooms including single and double rooms as well as 3 suites. All of the rooms have air conditioning, minibar, telephone, TV and a shower. The hotel services also include a bar, buffet breakfast and lunch and á la carte restaurant in the evenings. Additionally there is also a sauna and a meeting

room available. Hotel X also owns and rents two furnished apartments for guests staying for a longer period of time. The apartments are located near the Hotel X.

2. Tourism

Tourism is a relatively new concept in a way that only recently has it been considered valuable enough to be the object of serious business endeavours or academic study. Tourism has become a major force in the economy of the world and recognition of its importance by governments has accelerated the study of tourism. (Cooper, Fletcher, Fyall, Gilbert & Wanhill 2008: 3-5)

2.1 Definition of tourism

Tourism is a word with many meanings. It includes many different components and that is why it is difficult to come up with a meaningful definition that can be universally accepted. It essentially consists of elements such as activities, services and other industries that deliver the travel experience. Generally people think tourism to be an industry where people travel to destinations with different motivations like sightseeing, relaxing on the beach, shopping or visiting friends and relatives. The World Tourism Organization (WTO) defines tourism as follows: “Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. (Goeldner & Ritchie 2009: 4-7)

2.2 Definition of a tourist

To define a tourist is not a simple matter either; everybody is not the same. People have different needs and motivations for travelling; they differ for example in personalities and demographics, and these factors affects considerably on what type of tourist is in question. The types of tourists can be classified in two basic ways that relate to the nature of their trip. Are the tourists domestic or international and what is the purpose of their visit?

Domestic tourists travel within their own country of residence, usually without anything to do with currency exchange, language barriers or visa implications. In contrast, an international tourist travels outside the country of residence and there

may well be currency, language and visa implication. This distinction between domestic and international tourist is starting to be vague and more indistinct in some parts of the world through the collaborations of different countries. For example the European Union has made it possible to travel to different countries without having to exchange currency or even need a passport.

The other way to classify tourists is by examining their purpose of visit. Conventionally there are three categories used. Leisure and recreational tourists include those who are on a holiday, sports and cultural tourist and people visiting their friends and relatives. Another category is “other tourism purposes” where a tourist may be on a study-holiday or visiting the destination due to some health related issues. Third category is the people travelling for business and professional purposes and may be taking part for example in a meeting or a conference. (Cooper et al. 2008: 15)

3. Accommodation services

When one travels to another city or country, one usually has different needs and demands for the destination one is travelling to. Trying to meet these needs and demands is what comprises the tourism industry. The tourism industry can be divided into main sectors; hospitality, attractions and event, transport, travel organizers and intermediaries and destination organization sectors. All of these sectors can be thought of as range of businesses and organizations involved in delivering the tourism product and the travel experience. Hotels of course are a part of the hospitality sector and as such are major essential supply components of tourism. (Middleton, Fyall & Morgan 2009:10-11)

A hotel is a place that offers its facilities and services for sale. The services can vary from just one to various combinations that can all be thought of as a part of the total market concept of the hotel. The basic total market concept consists of five elements as shown in figure 1.

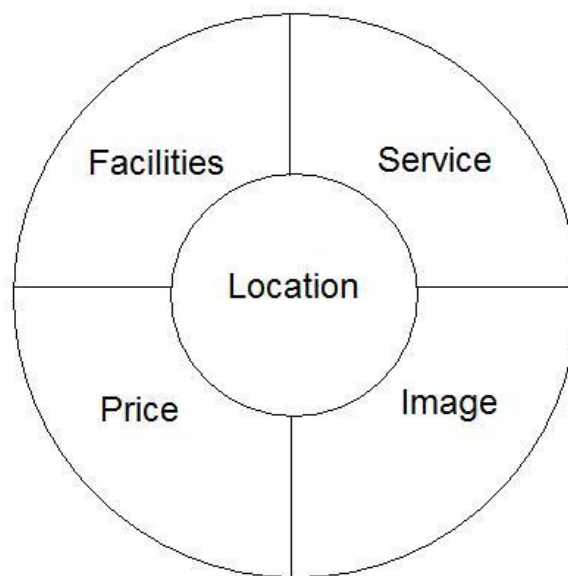


Figure 1 Market concept of a hotel. (Medlik & Ingram 2000:14)

Location is usually the main element, thus being in the center of the market concept circle, that the visitor takes into account when choosing a hotel. Location places the hotel geographically into a certain area; for example near a particular city or village. And if one wants to go to that specific city one has to choose the hotel within that area. Where the hotel is situated denotes the accessibility and convenience of the location, attractiveness of the surroundings and other factors that the visitor sees as appealing when choosing a hotel.

Facilities of a hotel include the bedrooms, restaurants, bars, function and meeting rooms and recreation facilities such as a gym, tennis court and swimming pool. Depending on what kind of hotel is in question the facilities vary in number, type and size. Different visitors have different needs from the hotel and its facilities.

The hotel services comprise the availability as well as the quality in which they are provided to the customers in the hotel facilities. A hotel can have services such as 24-hour front desk, concierge and room service. Depending on what kind of hotel is in question the services can vary on how formal or informal they are, the degree of personal attention and speed and efficiency.

The image of the hotel can be defined as how the hotel portrays itself to people and how the people perceive the hotel. The image is a mixture of location, facilities and services the hotel offers and how they market those elements but there are also such factors as the hotel's name and appearance included.

The price comprises the values that are given to the hotel through its location, facilities and image. The price has to indicate all those elements for if they do not or the price is some other way determined wrong it will only result in unhappy customers who feel like they did not get their money's worth.

All in all, these individual elements of the total hotel concept hold different level of importance for different people. One person may regard the hotel's location as essential and is prepared to accept only basic facilities and services to have it where as another person may think that the price is the paramount factor when staying in a hotel and is willing for example to give in a little on the location of

the hotel as long as the price is within the range of that particular person. (Medlik & Ingram 2000: 13-15)

3.1 Types of Hotels

Hotels answer to the demand of those millions of travelers each year who need a place to stay when visiting other cities and countries. That may be only for one night or a longer stay of week, even months with each visitor having different needs and expectations of the hotel's services. Some may only need a bed to sleep in for a night, some are coming for a big conference held in the hotel or some are coming to the hotel for an all-inclusive five-star holiday. (Medlik & Ingram 2000: 4)

To answer the different needs of the visitors, there are different types of hotels, some offering services targeted to a specific type of customers. Hotels can be referred to for example as luxury, resort, commercial, residential, transit or in many other ways. Each of these terms can be linked to what kind of hotel is in question, give an indication to the location of the hotel or of the main customer group that uses its services. (Medlik & Ingram 2000: 10-11)

Resort Hotels

A resort hotel is located in an optimal environment with attractive surroundings. The idea of a resort hotel is to offer a large mixture of services with entertainment and recreational activities in a way that everything a tourist may need on a vacation is right there in the resort. The tourist may never have to leave to the resort during the vacation. These kinds of all-inclusive holidays are typical for a resort hotel. The resorts can also have been built around a specific theme like a gambling resort or a spa resort.

Commercial hotels

Commercial hotels are usually located in a city center with its services targeted for business travelers, convention attendees and vacationers. The location of the hotel is convenient for these types of travelers who can get to the hotel easily and get to know the city they are in.

Transit hotels

Transit hotels can be divided into two; airport and motor hotels. These hotels are located, as the name already indicates, near airports and main motorways. Each of them has similar characteristics for their primary importance for a tourist is their convenient location when the tourist is going somewhere and needs a hotel room on the way. So the main pull factor is not the hotel, but the destination the tourist is going to. The transit hotel serves as a pit stop on the way.

Residential hotels

Residential hotels are usually for long-term visitors who are in town for example for business for a longer period of time. On that account the hotels are not usually targeted for tourists, but they may also have some rooms designated for tourists staying only a shorter time period.

(Medlik & Ingram 2000: 10-13)

3.2 Hotel Products

A typical hotel nowadays offers firstly sleeping accommodation but also food and beverage services. The bedroom itself is of course the most distinctive product of a hotel for that is the primary function of the whole accommodation industry; to offer visitors a bed to sleep in. Depending on what kind of hotel is in question the hotel can also offer other services for example in a form of recreational facilities and meeting and conference rooms. Aside from accommodation services that usually are strictly meant only for the hotel's residents other services and facilities are made available also to non-residents.

There are requirements that usually reflect the main customer demand; sleeping accommodation, food and drink for individual customers as well as for organized groups. These four requirements relate to accommodation, restaurant, bar and they function as the principal hotel products. (Medlik & Ingram 2000: 15-17)

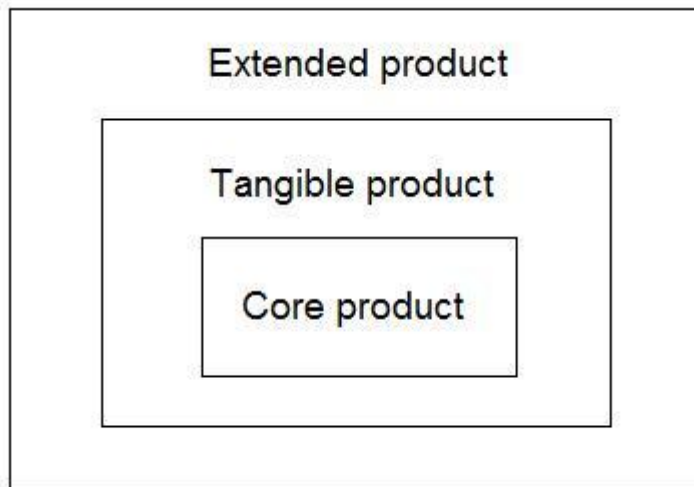


Figure 2: Defining the hotel product (Bowie & Buttle 2004: 117)

When defining a product an important distinction can be drawn between the core product, the tangible product and extended product. As shown in figure 2 the product is a combination of all of them, one supporting the other.

The core product delivers the main benefits that the customer is seeking. In hospitality industry the core product usually is the sleeping accommodations. But as different customers have different needs it is always up to the customer to define what the core product is.

A Tangible product consists of all the physical elements that are necessary so that the core product can be delivered to the customer. The tangible product includes product features such as the size and range of facilities, design and quality and service standards.

If the core product is for example a convenient location to enjoy a good night's sleep the tangible products can be a comfortable bed, en-suite bathroom and a TV.

Extended products are composed of intangible elements of the product. Many times it is the intangible elements that make the same class hotels different from each other and they are also the elements these hotels compete with among each

others. The intangible elements add value, differentiate hotels from each other and are meant to provide the customer with additional benefits. The extended product includes elements such as the people; how well the staff is trained and how well they do their job, accessibility including opening hours and after sales service meaning for example how well the hotel handles a complaint. Also nowadays more and more important has become elements such as atmosphere, brand image and corporate ethics.

(Bowie & Buttle 2004: 116-118)

3.3 Classification systems of hotels

The need for hotel classification systems has been growing along side with the growth of tourism itself and as more information and technology has become available for all people. With easier information access and wider exposure for services and products, travelers now have certain expectations when selecting travel arrangements and accommodations. A hotel classification system ensures that the hotel the traveler has chosen meets minimum standards of accommodation, facilities and service. Even though there is no universal classification rating in place, there is a range of systems that are accepted and widely used in most parts of the world. Most classification systems are based on criteria that consider such factors as hotel size by room account, facilities, convenience or amenities, quality of service and food and beverage service. Various symbols and letters, with the most popular being the star rating system, usually portray ratings. (Gee 1994: 385-386)

One star *

One-star hotels are limited in their services; most of them do not have on-site restaurant and limited hours may apply to public access and front desk services. The rooms are very basic and generally small. The rooms may not have a private bathroom or in-room telephone.

Two star **

Two-star hotels are identified by basic and clean accommodations, with some business services (typically without meeting rooms). On-site restaurants have limited menus and typically consist of continental breakfast service. The rooms are comfortable and they typically include telephones and a TV. Room service and baggage service are usually not included.

Three star ***

Three-star hotels are usually more upgraded and they include more spacious rooms with quality amenities. The other on-site services include a restaurant with the possibility for evening dining and possibly even a pool and a small fitness center. Meeting and conference facilities for business groups and other functions are sometimes available.

Four star ****

Four-star hotels are very upscale accommodations, offering excellent restaurants, fine dining, bars, lounges, and complete room service. Other on-site services include valet parking, concierge services, fitness center and several spacious and well-maintained pools. Excellent business centers and meeting facilities are usually present. Inside the rooms high quality linen, bedding, flooring and amenities are used.

Five star *****

Five-star hotels are characterized by the best in luxury, service, location, fine dining and exceptional convenience and comfort. Generally offered are special guest access to golf courses, luxury spa services on site, the latest in fitness center and gym facilities, tennis courts, and several multiple-purpose pools, concierge services and complete hotel services. High quality can be seen throughout the hotel; the rooms, lobbies and other facilities. The service quality is also very high with professional staff and many 24h services like room service. Excellent business centers and meeting facilities are usually present in the larger properties.

(Homepage of Area Travel Inc, 3.11.2010)

Hotel star ratings are general quality indicators and should be seen only as broad guidelines in measuring a hotel's general quality, amenities, and customer satisfaction; ratings are not meant to be perfectly precise. Due to differing parameters and criteria used, for example a five-star hotel can mean different things in different countries. (Gee 1994: 411-412)

4. Marketing

Marketing is often thought to be only selling and advertising. However, marketing consists of many other functions that can be seen far more important than just the exchange of goods. (Kotler & Amrstrong 2004: 5)

The American Marketing Association defines marketing as follows:

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.” (Middleton et al. 2009: 21)

Today, more than ever, marketing has put emphasis on satisfying the customer needs. The customer tends to make decisions on buying a product or a service based on their perception of the value and satisfaction that the product or service delivers. From the company's point of view the goal of marketing is to first build and then manage profitable customer relationships. In order to achieve this it is not enough only to first market the product and then sell it but make sure that the product being sold will meet the standards and be enough to fulfill the customer's expectations. Therefore the company must be aware and understand their customers; their needs, wants and demands. That is why many companies put a lot of effort and money into making different kinds of customer surveys analyzing their customers' behavior and learning about the different way of delivering the superior customer value and satisfaction. (Kotler & Armstrong 2004: 5-7)

4.1 Marketing mix

The marketing mix is one of the major concepts in modern marketing and is often brought up in general discussions of marketing. Marketing mix is a set of marketing tools that a company uses to pursue its marketing objectives in the target market. When a company is making decisions on marketing they generally fall into four controllable categories known as the 4 P's: product, price, place and promotion.



Figure 3: The four P's of the marketing mix (Kotler 2004: 58)

As shown in the figure 3; in Kotler's Marketing mix chart the target market is placed in the middle. The main idea of marketing is to influence and persuade the consumer to buy and use the company's product or service. In order to get customers to do so a company uses the four P's as a mixture in order to influence the demand for its products. (Kotler 2004: 56-57)

In the hospitality industry the products are primarily designed to satisfy the needs and wants of business and leisure travelers. As part of the marketing mix for

example a hotel room can be seen as a product that the company sells to consumers. Hotel rooms can vary in quality or in services they offer and is targeted to consumers who usually have the need for a specific type of room. For example a businessman can have different kind of needs from a hotel room than a leisure traveler.

In the hospitality industry the place of business is many times the key to success. A hotel's location is important for visitors and therefore they usually examine carefully which hotel and where they choose. The location of the hotel affects the transportation possibilities, how accessible it is for example from the airport or the city center. (Bowie & Buttle 2004: 26-27)

Pricing decisions influence the demand and profitability. In a hotel setting for example the rack rates and agreeing to discount for key accounts are crucial and require a lot of attention and careful consideration.

Promotion is usually the function of most marketing and sales departments and it includes all the tools that a company can use to communicate with customers. A hotel can for example use different websites to advertise their products and services and also use brand identification to their advantage. (Bowie & Buttle 2004: 28) Brands help consumers to identify what the product or the company is, for example people relate the Hilton Hotel chain with luxury and good quality. That helps the hotel chain when they are planning their marketing strategy. (Bowie & Buttle 2004: 208)

4.2 Market segmentation

In marketing it is almost impossible to succeed by handling all the consumers as a big "one size fits for all" mass. Market segmentation recognizes that people differ in many ways like in their needs, attitudes and lifestyles. (Middleton et al. 2009: 97) Through market segmentation companies divide their market into smaller segments. All of the segments have specific needs and by dividing the market those needs can be met more efficiently with products and services that match their unique needs. (Kotler 2004: 239)

There are many ways to segment a market. Different segmentation variables are used, both alone and together, in order to classify consumers into different segments. Kotler defines four major variables that are generally used in marketing; geographic, demographic, psychographic and behavioral variables.

Geographical segmentation divides the market into different geographical units such as cities, regions, countries or climate and population density. By this way when a company is deciding which units to operate and market, they can pay attention to geographical differences in needs and wants. For example a major clothing store chain can pay attention to their selection in stores in northern areas where it is colder and the need for warmer clothes is greater than in areas located more south. (Kotler 2004:239)

Demographic segmentation consists of dividing the market into groups based on variables such as age, gender, family size, income, occupation, education, religion, race and nationality. Demographic factors are the most popular bases for segmenting customer groups. This is partly because customer wants are closely linked to variables such as income and age. Also, for practical reasons, there is often much more data available to help with the demographic segmentation process. (Kotler 2004: 240-241)

Psychographic segmentation divides the market into different groups based on social class, lifestyle or personality characteristics. People can be in the same geographical segment meaning that they may for example live in the same city; they can even be of same age. But one may be a student and another a worker. This affects their lifestyles greatly and therefore also has an effect on the buying behaviors of the people.

Behavioral segmentation divides buyers into groups based on their knowledge, attitudes, uses and responses to a product. Behavioral segmentation has the advantage of using variables that are closely related to the product itself. When a company knows when and why customers are buying their products, they can link their marketing to that. For example some holidays like on Valentine's Day or at Christmas people tend to buy certain things related to the occasion; many

companies prepare special offers and advertisements for those holiday occasions. (Kotler 2004: 244)

In hospitality industry these same segmentation variables can be used but there is also a wide range of subgroups that for example almost all of the hotels use. Hotels usually use only one variable when segmenting these subgroups and that is the purpose of travel. By defining the purpose of travel hotels can classify many subgroups such as corporate/business clients, visitors on group package tours, independent and leisure vacationers. By acknowledging different segments a hotel can target their services more effectively. (Middleton et al. 2009: 97-99)

4.3 Relationship Marketing

Relationship marketing is a form of marketing that emphasizes customer retention and satisfaction. It switches the focus from the recruitment of new customer to the retention and recovery of existing ones. Relationship marketing differs from other forms of marketing in that it recognizes the long-term value of customer relationships and extends communication. (Middleton et al. 2009: 92) The world of marketing today is more customer-centered. As companies must compete in a more competitive marketplace they have to know their customers' needs and wants in order to get new customers, then keep and grow them by delivering greater value for them. (Kotler 2004: 54)

When planning a relationship marketing strategy one must take into account that not all customers want a relationship with the company. That is why it must be carefully considered which types of customers are usually more likely to repeat their visit in a hotel or a restaurant. Some customers are aware of the wide choice of competitor products and services and do not want to limit their options and tie themselves only to one company but prefer to switch their custom accordingly. Other customers are not interested in any type of relationship with any company; they simply look at the best quality, value and convenience available at the time of purchase. (Bowie & Buttle 2004: 298-299)

Building close relationships with key customers should be mutually rewarding for both the customer and the company. For example to companies that have a lot of employees working on the road and moving constantly hotel accommodation becomes a major expense. That is why it is profitable for the company to choose a particular hotel or a hotel chain and arrange a fixed price for their employees staying at the hotel. That price is usually lower than the regular rate in the hotel so the company saves money and the hotel gets a steady income from the company's employees staying there. (Bowie & Buttle 2004: 299)

4.3.1 Different stages of customership

When planning relationship marketing it is important to know which ones of the customers are regulars, who are staying at the hotel just for that one time and who visit the hotel on more irregular bases. In other words, it is important to know your customers. When developing relationship marketing there are different classification systems that can be used to define customers. At simplest customers can be divided into four different categories. First are the loyal customers who purchase the company's services regularly. Second are the customers who purchase the services and products occasionally but also use competitors' services. Third are the "not yet"-customers who have been targeted by the company's marketing but have not yet purchased their services. Fourth are the customers who used to use the company's services but are no longer, for some reason, doing so. (Rope & Pöllänen 1995: 131-132)

Depending on which category the customer belongs to the marketing strategies are very different. A company does not necessarily market their services to loyal customers in the same way as they do to occasional customers. The main objective when planning marketing to loyal customers is to ensure the continuity of the customership by keeping the loyal customers happy and invest in direct marketing. When dealing with occasional customers it is important to start forming that long lasting relationship for example by targeting the market efforts to sell the loyal customer's program. The potential "not yet" customer should be

enticed to use the company's services for example by marketing some special offers. (Rope & Pöllänen 1995: 133-135)

5. Marketing of Hotel Services

There are numerous challenges that companies face and have to deal with when marketing their products and services. Hospitality industry is no exception and for example hotels have to be aware of the many different special characteristics that affect their marketing.

Seasonality, which refers to the fluctuations in demand, is one of the biggest characteristics and is something the hotels have to be aware of when marketing hospitality and accommodation services. Depending on what type of hotel is in question the biggest demand might be generated for example by businessmen in the middle of the week or by independent travelers during the weekends. Not only different days of week but seasonality is affected also by different months or seasons of the year and even different times of the day. Many hotels face the challenge of keeping profitability high and stable throughout the year with no under- or over- utilization of their capacity. The profitability often suffers during low season periods; this is why marketing has big responsibility to increase the demand during low seasons and even out the demand throughout the year.

In the hospitality industry and especially in the hotel industry the services are often intangible. This means that the customer cannot experience the service or product in any way prior to it being purchased. For example the customer cannot stay overnight at a hotel and decide in the morning not to pay for the hotel was not exactly to his or her liking. The intangible nature of the products creates difficulties for marketing; customers often find it difficult to assess the quality of the product before having experienced it for real. That is why the customers have to be provided with information that is accurate and truthful but at the same time encourages the customer to choose that specific product or service. At the same time marketing should not raise customer expectations too high for that will only result in failing to deliver customer satisfaction. (Bowie & Buttle 2004: 22-23)

5.1 Internal marketing

As a part of the marketing mix promotion has an essential part in reaching marketing objectives in a hotel. Internal marketing is an extension of that as it recognizes the importance that employees have while encountering customers. This puts an emphasis on the customer-contact employees and how well they are able to deliver the promises made during the pre-encounter marketing. Human resource managers in hotels are using marketing techniques more and more to recruit communicative and motivated employees. It all comes down to delivering service quality in a way that the customer is satisfied. It starts from the marketing of the products prior the customer has even made the decision to make a reservation. But after the reservation has been made the customer-contact employees have the biggest role in delivering the promised product. In order for a hotel to succeed in delivering service quality it has to have motivated employees who know what they are selling. The goal of internal marketing is to attain the best possible professional skills available.

A hotel needs employees who have “the right service attitude” for attitude is something that can rarely be taught as it usually comes naturally. If the employees do not have the right attitude towards their work and serving customers they can be the weakening link in the management’s efforts delivering the service quality. After an employee has been hired the emphasis moves to the managers and co-workers for every hotel has its own service culture, operating systems and service standards. And it is up to them to teach the new employee and give the best possible tools for him to learn the job. This is called induction training and how well a company succeeds in it plays an important role in how well the company works inside and out. The training should not end after the induction but continuous training and career development are usually marks of the most successful hospitality companies.

As an employee is working he need both good guidelines as well as some boundaries to work with in. If the induction training has not been successful and if the employee is not sure what he is authorized to do it can result in unhappy customers. It has to be clear what customer-contact employee can do in

responding to customer requests and complaint. What a company has empowered the employees to do differs in many hotels but mainly it is most successful when the employee has been given the authority and responsibility to solve problems and react to customer requests without always having to get a second or third co-worker involved. Customers appreciate speedy solutions, especially when complaining and do not like having to repeat their complaints to several different employees.

There are problems with empowering employees. If the employees have not received appropriate training and resources to make correct decisions or some employees do not feel comfortable taking responsibility at all.

To be able to sell the products and deliver the service quality it is not only important that the employees are trained and they have all the necessary information. It has also been shown that employees are more motivated when they are regularly informed about the company's current situation and future plans. This makes the employees feel more involved with the company.

A hotel can reward its employees for good work and there are many reward systems in place in larger hotel chains. Employees may receive benefits such as bonuses, tips or meals provided for free of charge. These are tangible benefits that are given to the employees but they can also receive intangible benefit in form of excitement, fun and teamwork that many hospitality employees enjoy. It also brings good energy and a sense of pride when customers give good feedback and it also motivates employees to keep the service quality high. (Bowie & Buttle 2004:272-276)

5.2 Distribution channels

The main objective of distribution in hospitality industry is relatively simple; to use different channels to find customers or more importantly to help customers find the company and make the booking or purchasing as easy as possible. There are numerous different channels that a hotel can use to reach their customers. When the hotel is choosing which channel to use it is important to know their

target market. Do their customers use internet so that the hotel should put the emphasis on using it as their main distribution channel or their customers prefer to turn to a travel agent to help with their travel arrangements?

The most cost effective distribution channel is “direct to customer” where the hotel communicates with the customer directly with no intermediaries. It is most effective when the customer makes the booking directly at the hotel’s front desk. This is more and more used with repeat customers who can for example make the next reservation for themselves as they are checking out. The internet has also brought new direct ways to be in contact with the customers. Usually hotels have their own websites where customers can make reservations directly to the hotel via the website. Many bigger hotel chains also have their own computerized reservation systems (CRS) where the customer can call or go to their website and make a reservation to any of the chain’s hotels anywhere in the world. Another cost effective distribution channel that bigger hotel chains can use is “referral network” which means that the hotels within the same chain market each others. There can be for example brochure racks in the hotel reception or hotel directories in the rooms. The objective is that all of these brochures market the other hotels within the same chain or hotel group.

Many times hotels use intermediaries in their distribution channels. This means that the communication is not directly between the company and the customers but there is some other company in between, for example travel agents or tour operators. A travel agent helps customers in all aspects of travelling; they make bookings, provide tickets and accommodation vouchers. The main idea is that the travel agent works on the customers’ behalf concerning the travel arrangements. Travel agencies can be in co-operation with different airlines or hotels and the products and prices are stored in databases and manual directories. The customer does not pay for the services to the agent but for example a hotel pays the travel agent commission. A tour operator differs from a travel agent in a way that the operator gets paid by the customer and does not receive commission. Tour operator negotiates bulk allocation of seats from airlines and bulk accommodation from hotels and creates a package product of them. The package products are then

marketed directly to customers. A tour operator makes a profit by charging the customer more than the rates given by the airlines and hotels. (Bowie & Buttle 2004: 176-178)

Development of information communications technology (ICT) with the growth of the internet and powerful computerized systems has had a significant influence on the whole distribution network. The internet has both provided a direct channel between the customers and companies as well as increased the choice of different channels through which a travel booking can be made. The internet is getting larger part in direct marketing but at the same time new online intermediaries have emerged offering services similar to those of the traditional tour agents and operator. As a customer goes online to a website offering different flight and hotel bookings like booking.com or hotels.com they make a reservation there but do not pay the reservation to the website but to the hotel. The hotel then pays a commission to the website. (Middleton et al. 2009:209)

Benefits of using different distribution channels are that the company can more effectively reach their customer and they also provide convenient global access point for customers. Also it is more and more common when a booking is made that the customer has to pay for the accommodation immediately before arrival. This is an effective way to make advance sales, which is important when selling perishable products such as hotel rooms. Many distribution channels of course cost money to the company for example in a form of commissions. (Bowie & Buttle 2004: 178)

6. Marketing Plan

A marketing plan is a written document that can be thought of as set of decisions about what the company wants to achieve and how it is going to achieve it. Essentially a marketing plan sets a goal that is accompanied with strategy and tactics outlining how that goal will be achieved. In general there are two different kinds of marketing plans; strategic and tactical. Strategic marketing plan is more general and is focused on long-term goals; usually for a minimum three to five-year term. It is not as detailed as a tactical marketing plan and it deals more with the external environmental influences and opportunities and less with details of the company's marketing activities. Tactical marketing plan differs from strategic plan in both timeframe as well as content. Typically it operates within a short timeframe, usually from one year to no longer than three years. (Bowie & Buttle 2004: 316-319)

There are many benefits for a company by having a marketing plan. Especially with larger companies they are essential but for smaller companies as well. Often in smaller companies the marketing plan may only exist in the mind of the owner and there is no written document of the marketing efforts done by the company. To provide clear direction to the marketing operations that are based on a systematic and written approach usually benefits both the management and the employees of the company. Everyone has a clear image of the goal and all the employees can actively be part of achieving that goal. This eliminates confusion and misunderstandings and coordinates the resources of the company. (Cooper et al. 2008: 548-549)

Not having a marketing plan will result in a wide range of possible consequences. For a hotel this could for example mean a failure to take advantage of potential growth markets and other new marketing opportunities and demand problems during low-season periods. These very much affect the profitability of the hotel and therefore having a marketing plan, even though it does not guarantee success,

it eliminates many risks as well as makes the company more prepared and less vulnerable. (Cooper et al. 2008: 547-548)

The construction of the marketing plan is characterized by a wide range components each with its own heading. They provide a framework that presents an analysis of where the company is now, where they want to go and how to get there. Not all of the components appear on every marketing plan. (Bowie & Buttle 2004: 319-320)

6.1. Situational analyses

The premises for marketing planning is to have credible background data about the company's situation in the market. The main goal is to assess where the company is now; what is its current marketing situation. Mainly all of the situational analyses can be divided into two parts; external and internal. The external analysis usually includes data about the company's business environment such as competition. The main element for the external environment is that it includes all the factors, which the company has no control over, but they still affect the company's operations. These factors can also be defined as macro-environment, which includes for example major regional, national and global trends and other factors influencing the business. The factors are often listed under six different headings; political, economical, social, technological, legal and environmental. The idea of analyzing these factors is to make the company more prepared for change as they help when analyzing potential opportunities and threats. (Middleton et al. 2009: 182-187, Kotler 1997: 96-97)

When assessing internal situational analysis it usually includes data about the company's products and distribution situation. When assessing the product situation one can for example assess the sales figures, prices and net profits of the products from several past years. Or when looking more closely at the existing distribution channels one can determine which channels have been successful and what channels maybe are not yet utilized. (Kotler 1997: 96-97) The function is to assess aspects of the company's operations with the aim of establishing what the

business is doing well and which parts of the business are performing poorly. This way the company can determine its strengths and weaknesses. (Bowie & Buttle 2004: 322)

6.2 SWOT-analysis

The company gets relevant information about the current market place they're in through the situational analyses. The gathered data is then used to form the SWOT-analysis, which stands for strengths, weaknesses, opportunities and threats. It is one of the first stages of planning and helps the company to focus on key issues and that why it is particularly helpful in identifying areas for development. (Middleton et al. 2009: 209)

The SWOT- analysis is a combination of both the internal and external factors that are dealt with in the situation analyses. Strengths are usually accounted for as internal factors and are the company's resources and capabilities that can be used as a basis for competitive advantage. Company's strength may for example be strong brand names, good reputation among customers and favorable access to distribution networks. The absence of certain strengths can be viewed as weaknesses, which are also accounted for as internal factors. Weaknesses can range from high cost structure to poor customer contact staff. Not all weaknesses can be removed but once identified the company should minimize their effects or remove them altogether where possible. Both strengths and weaknesses are often matters of perception, which makes them sometimes hard to identify. Consumer research is a good way to learn more about these internal factors so customer feedback should always be read and dealt with thoroughly. (Middelton et al. 2009: 209-210)

Opportunities are usually accounted to be external factors researching the external environment of the company and may reveal new opportunities for development. For example there could be new technology coming up that could be useful for the company or maybe some competitor is ineffective or has gone out of business and has created an opportunity for the company to get some of their customers. A

company should always be searching for ways to develop and think about the ways to do so.

Changes in the external environment can also present threats to the company. The changes can include for example a new competitor in the market and more increasingly, as have been seen during the past years; international terrorism. Whatever the threats are it is important for the company to be aware of the threats for when something happens in the external environment that has an influence to the company, it is prepared for it.

SWOT analysis should be systematic, wide-ranging and creative and as such it has been proven to be invariably productive. The analysis should not be done by only one manager of the company but one should bring other managers as well as the staff into the process. This way the maximum amount of expertise and perception is drawn out. (Middleton et al.2009: 209-212)

6.3 Setting goals / marketing objectives

As the situational analyses answered to the question “where are we now”, the marketing objectives answer to the question “where do we want to go”. The next step is therefore to set goals which translate the company’s mission into easily understood statements regarding the markets, products, sales, occupancy and marketing mix. As the marketing mix is made of the tools that a company uses to pursue its marketing objectives in the target market it is an essential part while setting the goals. (Bowie & Buttle 2004: 326-327)

Objectives should be specific, measurable, achievable, realistic and carried out within a set timetable. They can be set as strategic long-term objectives or if the objectives are smaller and set to be reached within a short timeframe they should still be integrated with the long-run company goals and strategy. (Middleton et al.2009: 213)

The more thoroughly the earlier situational -and SWOT-analyses have been done, the easier it is to set precise objectives. As setting objectives is an essential part of

the marketing planning process and if the company fails to provide them it reflects to the managers and employees lack of clear direction. (Bowie & Buttle2004: 326-327)

According to Kotler there should be two different types of objectives; financial and marketing. The financial objectives are done first so the company evaluates what they want for example the terms of the net profit to be. After the financial objectives are set they are converted into marketing objectives. (Kotler 1997: 99)

6.4 Marketing strategy

After setting the objectives the marketing strategies are done. Strategic planning is a process of developing and maintaining a link between the organization's goals and capabilities and its changing marketing opportunities. The marketing strategy is shaped by the overall business goals meaning that it broadly explains what actions are required to achieve the goals and objectives. The marketing strategy can be thought of as a game plan that outlines, often in a list form factors such as the target market, positioning, distribution channels, price, advertising and possible research and development. (Kotler 1997: 100)

Choosing the right target market is essential and often not that easy. When defining a target market for a product there should be three separate levels. The first level consists of consumers that are willing to buy and who also have the best premises to buy. The second level consists of consumers who have the premises to buy but not necessarily the desire. The third level consists of consumers who are not able to buy but who should be monitored in case there is a change in their buying readiness. (Kotler 1997: 224-226)

Positioning is the act of designing the company's offering so that the services and products are based on some core idea or benefit. Its meaning is to create a competitive angle toward the competitors so the positioning of a product can be based for example on the best or quickest service, accessibility or affordability. This way the product occupies a clear, distinctive and desirable place relative to competing products in the minds of the target customers.

A good marketing strategy also defines the reason why it is unique or compelling to buyers. It should explain what is the benefit the consumer gets by purchasing the company's product. It should explain why the customer would want to buy that particular product from the company and not go to some competitor instead. (Kotler 1997: 294-295)

6.5 Action Plan

After setting the marketing strategies the action plans are laid out. The action plans are more specific and they elaborate on the marketing strategies giving more detailed answer to what exactly is going to be done, when and by whom and how much it is going to cost. This way the action plan sets a timetable that should be clearly laid out so that it is easy to follow. More importantly it should clearly show who is responsible for executing the action plan so that there are no misunderstandings and everybody in the company knows what their role is in the action plans themselves. (Kotler 1997: 100-101) Action plan can also be thought of as marketing campaigns. They describe coordinated programs of marketing activities in the general field of product design, pricing, promotion, communication and distribution. (Middleton et al. 2009: 222)

The action plan can for example be formed so that it shows every month separately and what marketing actions are to be done each month. In a hotel's marketing plan for example in October there can be an action plan stating that the company should start their Christmas-package marketing. It shows the product Christmas package, then the timeframe in which it should be executed such as in October and November, the specific distribution channels used like newspapers and the internet, the costs of the advertisement and then who in the company is responsible for seeing that the action plan is carried out. (Kotler 1997: 100-101)

6.6 Monitoring

Monitoring is a process that evaluates how the pre set objectives have been met by the results. In this last section of a marketing plan comes even more apparent why

it was so important that the objectives and goals had to be done with precision and realistically. How can you measure results if you do not have a clear starting point on what it was that you wanted to achieve in the first place? Monitoring is necessary to detect, correct and prevent unacceptable variances from the marketing plan's objectives and costs. (Bowie 2004:336)

There are three different aspects that are used when measuring performance of a marketing plan. One is evaluation that is usually done as an annual process. The evaluation is more basic and it is a focal part when measuring the competitive performance of the company against another in the same market. Another aspect is monitoring which includes more detailed measurements of performance that can be done even on daily basis. Monitoring assesses the actual results against the targeted sales. How did the company succeed in their marketing campaigns, which of them brought the most customers? Monitoring usually requires a marketing information system where all the information like sales and customer figures can be fed to and from where they can also be used in the annual evaluation process. Third aspect when evaluating marketing performance is marketing control which means tactical marketing management actions taken continuously in response to the information provided by monitoring. While doing the monitoring there might come up some variances or problems that the marketing plan has had so when doing the marketing control the company can take corrective actions and adjust their plans accordingly for the future. (Middleton et al. 2009: 232-233)

7. Research

When conducting a research there are two ways of approaching; qualitative and quantitative research method.

Quantitative research method emphasizes quantification in the collection and analysis of the information. The aim is to gather numerical evidence where conclusions can be drawn from or they can be used to test hypotheses. In order to get reliable results it is necessary to study relatively large sample group and use a computer to analyze the collected information. The information is derived from questionnaire surveys, secondary sources and from observation involving counts. (Veal 1997:34)

Qualitative research method on the contrary does not involve numerical data but emphasizes words rather than numbers. This method uses only a small sample group; the primary information is gathered from a small number of people. The information gathered cannot usually be presented in numerical form. This research method is used when a full understanding of the sample group is required. The information is derived from observation, informal and in-depth interviewing and participant observation. (Veal 1997: 35)

7.1. Research method

The main objective to gather information for the empirical part of the research was to have face-to-face interviews with the hotel's owners and staff. The qualitative research method was chosen for this reason. As the research was being done for a small family company the qualitative method was more applicable for gathering information from a smaller group of people. The method also made it possible to get more in-depth information from the respondents. If a quantitative research method had been used the information would have been more limited and it would not have given enough data in order to draw well-based conclusions.

The primary data has been collected through the in-depth interviews with the hotel's staff as well as some specifying questions were asked from the hotel manager. Also the researcher of this thesis was working in this chosen hotel so she was also able to use her own knowledge of the hotel's practices while doing the research.

All the secondary data has been collected through literature on marketing, tourism and hospitality management. Also the internet was used to an extent but most of the information was gathered from literature.

7.2. Design of questionnaire

Questionnaire surveys can be done in two different ways; interviewer-completed or respondent-completed. When a survey is being completed by the interviewer the questions are read out loud to the respondent and the interviewer records the respondent's answer on the questionnaire. This kind of questionnaire surveys can be done face to face or for example via telephone. In terms of design the interviewer completed questionnaire surveys usually consist of "open ended" questions where the questions provide a guideline for the interview but it does not have to be followed strictly.

When the questionnaire is being completed by the respondent the questions are read by the respondents themselves and they also answer the question by filling the answer on to the questionnaire. Ideally these questionnaire surveys consist primarily of "closed" questions that can be answered easily by only ticking a box. "Open ended" questions should be avoided in respondent-completed questionnaires for they usually receive a low response. Respondent-completed questionnaires are often used in surveys done for example through the Internet or by mail. They are ideal when a large sample group is needed. (Veal 1997: 147)

Questionnaire surveys usually involve quantitative research method, especially in respondent-completed surveys where a larger group of people is being surveyed. In qualitative research method more flexible approach is required, that is why open-ended questions are more applicable when designing the actual

questionnaire. One of the methods in qualitative research is in-depth interviews that are distinctive by their length, depth and structure. They are not necessarily considered to be questionnaire-based survey at all for they seek to go deeper than a questionnaire based surveys. Rather than only asking respondents the question and recording the answer the interviewer encourages the respondent to tell more, to explain the answer and asks other supplementary questions. (Veal 1997: 131-132)

In this research a semi-structured questionnaire will be used as a basis in the in-depth interviews conducted with the hotel's staff but it serves more as a script for the researcher to follow. The in-depth interview method gives the flexibility for the discussion to flow naturally but still raising the needed topics so that the interview stays within the conceptual framework of the research. The questionnaire is structured in a way that it follows the same framework that an actual marketing plan has. Therefore the interviews will handle subjects such as situational analyses of the hotel, SWOT analysis, goals, marketing strategy and action plan.

The aim of the questionnaire is to research and gather information from the Hotel's staff on how well they think marketing is being done in the hotel and how they would improve it.

7.3. Implementation of the research

The research was done for a hotel X where the researcher worked herself. This made it easier for the researcher to schedule the in-depth interviews with the other staff members and the hotel manager. The interviews were done individually in the hotel premises only the respondent and the researcher as the interviewer present.

The empirical part of the thesis was done in the spring of 2011 after the completion of the theoretical part.

7.4. Reliability and validity

Reliability of the research refers to on how reliable the results of the research are; how dependable the research methods and techniques were. Reliability is also commonly linked to whether results of the research are repeatable. If the research was done a second time the results should be the same for the research to be defined as reliable. It should not matter where and when the research was done but varying social and physical environment can complicate matters. (Brymann & Bell 2007:40-41)

Validity refers to the integrity of the conclusions that are generated from the research. Does set indicators for the concept really measure that concept? Are the results in line with what the researches intended to measure from the beginning? (Bryman & Bell 2007: 164)

In this research a total of 4 people were interviewed which makes the results reliable enough. In quantitative research method minimum number of people interviewed is usually three to five in order to get reliable results. If more people had been interviewed the reliability would have been higher but as the Hotel X is a small privately owned hotel and the target group for the interviews was the hotel staff the number of people to interview was limited. The fact that all the people interviewed for this research had ample information of the Hotel X and were able to answer the questions thoroughly increased the reliability.

The reliability of this research suffered on some parts from the fact that the researcher herself worked in the Hotel X. The researcher of course had more in-depth information of the hotel, which makes the reliability better, but it also brought problems on being objective. Had the interviewer been someone the interviewees had not known personally, their answers on some parts could have been different. This affects the results of the research and they could have been more reliable if someone else than the researcher herself had performed the interviews.

8. The results of the research

In this chapter eight the collected research data is examined. The research data will be categorized within the same framework that a marketing plan has; situational analyses, SWOT-analysis, goals/objectives, marketing strategy and action plan. The nature of the in-depth interviews is that the interviewing process is not as strict and the discussion flows freely. That is why the collected research data is more clear to be gathered under the same topics rather than just outlining the respondent's answers question by question. The questionnaire form is attached to this research (Appendices 1 and 2). The aim of the research was to gather a strategic marketing plan meaning that there is no detailed marketing actions but rather more general marketing opportunities the Hotel X possibly has. This is why the research does not involve any specific information on pricing, budgeting or indicating which employees are in charge of what but the outcome is more general action plans concerning the marketing opportunities.

8.1. Situational analyses

The situational analyses examine where the hotel X is now using both external and internal factors. In the research the respondents were asked where the hotel had succeeded and what had been done poorly. Main success factors to arise from these questions were that the hotel has a good loyal customer base; regular customers coming back on weekly/monthly bases. The location of the Hotel is also essential; the hotel is located in the same building with Kiinko Real estate education. Kiinko is an educational centre that offers specialist postgraduate education and training for asset, property and facilities management professionals. This means that there are people coming for their courses from all over Finland and many of the courses can last several days meaning that the students have to stay the night. The Hotel X has a partnership agreement with Kiinko that their students can stay at the hotel for a special rate. These students staying at the hotel bring the most revenue during the weekdays. The hotel also has had a few other well working partnership agreements with other companies.

All in all Hotel X is producing profits so in that point of view it is a well working company. It has its competitors but none that are directly competing with it. For example all the hotels in Helsinki could be thought of as its competitors but there are no hotels in the same area where the hotel is located. The hotel has a couple of distribution channels that are bringing customers in regularly, most of them through the internet. For example booking.com has been proven to be a good channel for the hotel at the moment.

8.2. *SWOT-analysis*

In the research the respondents were asked to identify the strengths, weaknesses, opportunities and threats of the Hotel X.

Strengths:

- Location
- Size of the hotel
- No outsourced workforce
- Privately owned family company
- Transportation connection to the centre of Helsinki
- Kiinko
- Staff
- Home-like feeling
- Wireless internet
- Regular customers
- Individual service
- Hierarchy among the staff

- Staff's possibility to influence who gets chosen for a new employee
- Hotel Vip club/ Hotel express

All of the respondents thought that the location of the hotel is one of its strengths. Mostly because it is located in the same building as Kiinko, so it makes it very convenient for the students to stay at the hotel during their courses at Kiinko. And the hotel's location in Malmi is also very good for it is almost right next to the train and bus station. This improves its accessibility from the centre of Helsinki as well as from the airport. Even though there is no direct shuttle from the airport to the hotel, the public transportation airport bus stops at the train station as well.

The size of the hotel was also categorized as a strength and was thought to contribute to numerous other factors as well. Being a small hotel it gives the opportunity to serve each customer more personally for the employees have more time to do so compared to a bigger hotel. This makes the new and old customers feel comfortable and welcomed and it also creates a home-like feeling in the hotel. The fact that the hotel is a privately owned family business also contributes to this. Many customers appreciate the fact that it is a small family business and choose the hotel for that particular reason rather than for example going to a bigger chain hotel.

The restaurant in the hotel is run by a different company but all other employees are the hotel's own staff. This is also seen as a strength. For example the housekeeping staff has not been outsourced and the employees of the hotel see this as a positive thing for it makes the communication between the reception and housekeeping easy and efficient. Also often a hotel's own housekeeping staff is more motivated to keep things in order and their work up to standard compared to an outside firm working for the hotel. The respondents also thought that the staff altogether is very good in the hotel; there is a good atmosphere among the employees. It was also thought that the fact that there is not really any

hierarchy levels among the staff besides the hotel manager which contributes to easy distribution of information for example in customer service related situations, especially when they have to be dealt with right away or as soon as possible.

As the number of employees in the hotel is so small respondents thought that it is even more important that everybody work well together. When recruiting new employees the hotel manager usually chooses a couple of candidates that come to practice to the hotel with the old employees. After this the manager asks the employees' opinion on who they think is the best choice to hire. The respondents thought the fact that the employees are an important part in recruiting a new employee is a strength for it results in choosing a new staff member that really gets along both with the customers and the other employees.

The hotel Vip Club and Hotel express are organizations that offer annual membership to its customers. All the members get a Hotel Vip Club or Hotel Express-card that allows them to get accommodation for half the price at hotels which have joined the organization. Hotel X offers these half the price-deals for the members and all the respondents agree that it is a useful and good working partnership. On those nights that the hotel is booked to its capacity it does not have to offer the special rate for the members. But when there are rooms available, many Hotel Vip Club –and Hotel Express members find their way to Hotel X. This results in selling rooms that would probably otherwise go empty for the night. It is more profitable for the Hotel X to sell these rooms for a lower rate than not sell them at all.

Weaknesses:

- Out-dated
- Marketing
- Homepage on the internet
- Size of the hotel
- Communication between employees
- Utilizing of the employee's strengths
- Location
- Slow seasons; summer and weekends
- Slow evening/nightlife

All of the respondents thought that one of the biggest weaknesses that the hotel has is that it is out-dated, especially in its physical environment. The rooms themselves are clean but there are many signs of old age and the respondents thought that especially the restaurant and bar facilities in the hotel are in desperate need of renovation.

Also the marketing was thought as a weakness, partly because the lack of it and partly because it is difficult to find the right marketing channels. The respondents recognized that the hotel's homepage is one of the biggest weaknesses; it has not been kept updated and it gives false image of the hotel resulting in disappointed customers when they arrive at the hotel.

In many cases in this research the respondents felt that the elements that were thought of as a strength for the hotel could also be seen as a weakness. All the respondents felt that being a small privately owned hotel has its advantages and disadvantages. It is hard for a small hotel to get visibility in the market where there is dominant big nation-wide hotel chains to compete with. A hotel

this size has limited resources in terms of marketing as well as keeping the hotel facilities up to date or expands them.

Even though the staff of the hotel was seen as competent and everybody worked well together some of the respondents felt that there could be better communication between the employees and the management in work-related issues. The research also brought up a matter of utilizing the employees' different strengths; many respondents felt that the employees could perform better if they had better information and more authority to make decisions. And as said earlier; the respondents felt that the hotel is out-dated but not only in its physical environment but also in its process to seek and put in motion new ideas that could for example help bring more customers to the hotel.

The location was also seen as a weakness for it is problematic in a way that not many tourists come to the hotel for there are many other alternatives in the centre of Helsinki that are more accessible. And even though the Kiinko students are one of the hotel's main customer groups it results in low season during the times when there are no courses at Kiinko; during weekends and summers. Also the nightlife of the hotel was seen as weakness. The respondents felt something should be done in order to attract more customers to the hotel's restaurant and bar during evenings. If the restaurant is always very quiet, it does not give a good image of the hotel. Some evening activities would give a livelier image of the hotel X.

Opportunities:

- Marketing; finding the rights distribution channels
- Motivation of employees
- New fresh ideas
- Restaurant
- Sauna

- Internet
- Invitations to different companies to visit
- Malmi's other companies and sport organizations

Often in SWOT analysis the weaknesses can be reversed into opportunities and it was also seen in this research. The respondents saw opportunities in strengthening the hotel's marketing and finding new distribution channels. It was also emphasized that it is important to keep up with the time and always keep looking for new and innovative ideas to market the hotel. It was also thought that motivating the employees more could result in new ideas and more enthusiastic work place. The respondents also saw opportunities in the hotel's restaurant; maybe changing the menu or renovating the restaurant facilities in order to make it more comfortable and up to date. The hotel's sauna department was renovated a few years ago and the respondents felt that more could be done in order to attract more customers to rent the facilities for different occasions.

Hotel X co-operates with many of the educational institutes, especially with the vocational institutes of this particular field of hotel and restaurant business and the hotel has many trainees to come and do their practical training periods at the hotel. This brings the opportunity of having new and fresh ideas from them and keeping up with the development of the field in regards what they the trainees are being taught at school about the business.

As the hotel's webpage on the Internet was seen as a weakness the respondents felt that there is a good opportunity there to improve the pages and make them more accurate presentation of the hotel. Also the respondents felt that the internet has a lot to offer in terms of marketing and that there are still many different ways the internet could be utilized to market the hotel.

Many travel agencies and online-booking website representatives come to hotels to visit when invited. As they see the hotel in real life instead of only pictures it gives them a better idea of what it is the hotels have to offer. This makes it easier

for them to sell the hotel's services to customers. Some of the respondents felt that there could be a good opportunity there to invite these representatives to the hotel so they get first-hand information and get better acquainted with the hotel's services.

Some of the respondents also saw the potential customer base the Malmi area has to offer. There are a lot of other businesses in Malmi, some who already use the hotel's services when they have guests who need accommodation but there are many others that could be the hotel X's future customers.

Threats:

- Kiinko leaving
- New hotels to Malmi
- Depression
- Frequently changing personnel

As one of the main customer groups of the Hotel X is Kiinko and its students all the respondents listed Kiinko leaving as one of the threats. And as the hotel X is at the moment the only hotel in Malmi a definite threat would be a new hotel located near by. This would result in significant decrease of customers coming to the Hotel X.

Also the respondents brought up economic threats such as depression. Of course the economic uncertainty always brings threats. How is the hotel prepared for them? Depression combined with the low seasons of the hotel can easily create a real threat for this kind of a privately owned company.

Frequently changing personnel was also listed as a threat by some of the respondent in the research. If there are many old employees leaving and new ones replacing them, it can create an ineffective workplace. It always takes time to

familiarize a new employee to the work and if most of the employees keep changing it is hard to keep the employees motivated.

8.3. Marketing objectives

In the research part concerning the Hotel X's situational analyses SWOT the respondents were asked where the hotel is now. In the next part of the research concerning marketing objectives the respondents were asked where they would like to see the Hotel X going. What are the objectives they would like to achieve? The respondents were asked about both short term and long term objectives.

All the respondents listed marketing to be one of the main goals; both short –and long term. The key factors were to develop and improve marketing as well as making sure it is targeted to the right customer groups. The hotel's website was thought to be in need of quick up dating or forming new webpages all together for the hotel. Another main goal was to renovate the hotel; maybe just start with small things and then continuing into bigger renovations. All the respondents felt that in order to achieve many of the smaller goals it was important to renovate the hotel and make it more modern.

There were also other objectives brought up by the respondents concerning modernising; for example the TV channels in the hotel rooms at the present are limited; no pay-tv or movie channels. Some of the respondents felt that it would serve the customers better if there were more TV channels, especially in other languages than Finnish and English. As one of the weaknesses of Hotel X the respondents felt the restaurant and evening life should be increased and made livelier. It would give a better image of the hotel to its customers; not only that it is a place to sleep but also the customers could gather to the restaurant to have something to eat, watch TV from the big screen or do other activities that could be invented for the customers.

Another short-term objective is related to customer service. How to better service the regular customers, take their needs and wants into account? Some of the respondents felt that even though there is a good regular customer base, there is

not enough done in order to keep them content and keep them coming back to the hotel. Part of keeping the regular customer satisfied is to react to their improvement suggestions and complaints. And even though the hotel X is a small hotel with the advantage of having the possibility to react to complaints at a fast pace if need be, some of the respondents felt that some things should be fixed right away in a way that they would not bother the customers again. One such thing the respondents brought up was the wireless Internet connection available to the customers and problems with its functionality.

Other short-term objectives to come up in the research were to start balancing customer flows during the high and low seasons. The hotel has the largest number of customers during winter weekdays. The respondents felt that there should be a lot of effort put into attracting more customers also in low seasons during weekends and summers. This of course can be continued into long-term objectives; getting new customers, both one time visitors as well as regular customers. And not only singular customers but also one objective should be attracting different kinds of groups to come to stay at the hotel. And not all the customer have to be staying over night but the respondents felt that there could be more private events and occasions held at the hotel and one of the objectives should be to contemplate on how to attract particular customer group. As the hotel also has two apartments it rents on weekly or monthly bases, some of the respondents felt that the objective should also be in containing more of these long-term residents staying at the apartments so that they would not be empty long periods of times.

The long-term objectives contain many of the short-term objectives underlining the need for new customer groups, utilizing the neighbouring companies and their need for accommodation and all in all creating a steady and good image of the Hotel X as a family company. The respondents felt that the Hotel X should start with the short-term objectives and continue with them for a long period of time. This way the hotel creates a good base where to develop and improve from.

8.4. Marketing strategy

After the respondents were asked what objectives they have for the Hotel X they were asked how they think those objectives could be reached.

In order to take into account the seasonality in customer flows, market segmentation should be done more effectively at the Hotel X. The respondents thought that there are potential different customer groups that could be reached in different ways. For example sport teams that come to play in Helsinki or Malmi and are in need of accommodation are one group. Other potential customer groups are the Malmi area companies. Reaching this objective the companies should be researched, contacted and negotiated with in order to determine what kind of needs they have for accommodation and how the hotel could meet those needs. The hotel already has had some co-operation with different schools of the area; there is a polytechnic near by. By keeping in contact with these schools and for example with their student bodies the hotel stays more aware when they have different occasions coming up and can offer the hotel and restaurant facilities for them.

Some of the respondents felt that there could be better pricing policy at the hotel. Or one that relates better to the high and low seasons at the hotel. The daily rate could for example change based on the occupancy of the hotel or there could be a more efficient way of boosting the sales before hand when there are low customer flows coming to the hotel. Some of the respondents said that different kinds of campaigns could be useful if they were marketed properly.

Some of the respondents felt that more effort should be put into taking care of the regular customers. How could they be taken into account and make them feel more that their customership is valued? In relationship marketing it is stated that it is highly beneficial for both the customer and the hotel to value a long-term relationship between them. The hotel does not have any loyal customer-programs but some of the respondents felt that something could be done for them. Starting with the check in process; could it be done efficiently and taking the customer more into account? For example the regular customers have to fill the registration form with their address-information every time they check into the hotel. The

hotel could start taking its customers' information and updating them into their hotel reservation systems; this way customers' contact information can always be found there and printed out as a ready filled registration form that the customer only has to sign. By up dating the customers' contact information in the computer system the hotel can start keeping an official record of the customers; they can be contacted more easily with campaigns, offers and other news and information of the hotel. This brings more visibility for the hotel within the customers that have already used the hotel's services and could be using them also in the future.

Another form of relationship marketing is to gather information from the customers in regard to their stay and how it was and whether they have any complaints or improvement suggestions. This already was one of the objectives; some of the respondents felt that the hotel could react better to the feedback given by the customers. This is especially important with the regular customers but with others as well. The hotel already gathers feedback from its customers with forms placed at the hotel rooms where the customer can fill them upon their departure. It is not enough that the staff reads the feedback. In order to make the customer feel valued and taken into account the hotel staff could answer to these feedback better. By contacting the customer for example by e-mail and thanking for the feedback and promising to take it into account makes the customer feel more in contact with the hotel. Responding to the feedback also gives an image of the hotel that it wants to be involved, develop and more importantly that it is not only a "forgotten little hotel somewhere in Helsinki".

It has been already brought up that the hotel's webpages are in need of improvement or altogether re-construction. The respondents felt that the hotel's webpages should be formed in a way that they can be quickly up dated by anyone. This way different campaigns and offers could be up dated to the sites more easily. The most important aspect about the webpages in order to make them serve the hotel X better is to make them show what kind of a hotel it is rather than giving a false image of it.

All the respondents felt that the internet is the main marketing channel for the hotel and a lot of effort should be put into staying informed about the different

channels that can be used within it; which ones are most popular among the customers at that particular time.

All in all there are a few key factors that should be taken into account when trying to reach the marketing objectives listed by the respondents. The staff should be used to their full potential; educating the staff and organizing their duties in a way that they can use their time at work more efficiently is not hard at a hotel this size. Keeping the hotel staff active with work related tasks directly impacting customer satisfaction and customer flow help to keep the staff motivated and satisfied with their own work.

Making sure that the marketing channels are working and constantly retaining and trying new ones help the hotel to keep up with the marketing development within the hospitality industry.

8.5. Action Plan

All of the respondents brought up similar marketing objectives as well as action plans on how these objectives can be reached. The respondents felt that most of all everything has to have clear instructions on who is in charge of what and what kind of authorization does everybody have to do these marketing actions.

8.5.1. New customer groups

Sport teams:

Contact sport –and ice halls in Malmi and other areas near by. See what events they have coming up, negotiate with them if they would like to advertise Hotel X's accommodation services in their newsletters and other information outlets concerning the up coming events. Also research and contact the near by sport teams and see what events they have coming within the year and negotiate and offer accommodation services to other sport teams coming to these events.

Companies within the near by area of Hotel X:

Make a list of the companies in Malmi, Pukinmäki and other near by areas of the Hotel. Research them first, see what kind of needs they could possibly have in regard to accommodation services. Then contact them and start offering the hotel services and negotiating pricing and other relevant issues.

Stay in contact with the Haaga-Helia Polytechnic and see what events they have in the future and how the hotel X can provide restaurant services to those events.

Internet:

Find out why some of the online travel agents have not been producing so many customers compared to the past. Re-construct the hotel's webpages and make clear instructions who is in charge of them and who can update them. See what other possible channels could be used in the internet for example Facebook.

8.5.2. Relationship Marketing

Customer contact and accommodation data:

Start collecting and observing more detailed information on the customers' contact information as well as accommodation data; how many times a particular guest has stayed in the hotel X, had he/she any preferences in regards to the room or could this customer be considered to be a loyal customer.

Feedback:

Go through all the feedback immediately as it arrives; the feedback forms from the rooms, face to face with customers and feedback that comes through the hotel's own webpages. Assign each feedback to the guest who wrote it and evaluate whether it is necessary to contact the customer. Make sure all the employees have the necessary knowledge and authorization to react to negative feedback right away or as soon as possible. Answer also to all improvement suggestions and positive feedback for example by email.

Loyal customer-programme:

Develop a loyal customer-programme. It does not necessarily require a membership card, only a well-done system where to follow the customers and how many times they have stayed at the hotel. Maybe give them some bonuses or some kind of other benefits for their loyal customership. Gather and maintain a list of items or other bonuses that the loyal customer can receive; discount on the room rate, better room type, chocolates/free beverages / other items delivered to the room before arrival.

8.5.3. Campaigns

Plan and develop different kinds of marketing campaigns and offers. They can be derived for example from the different seasons or holidays. They can be directed to specific customer group, for example a special loyal customer-month or during summertime special campaign for sport groups. Market these campaigns on the hotel's webpages. Create and develop new campaigns on monthly bases.

8.5.4. Internal Marketing

Have mandatory staff meetings to keep the employees up dated on the hotel's marketing objectives and up coming marketing actions. Give clear instructions and authorization so that the employees are aware of their duties and what they are allowed to do in different customer related situations. Maybe even have a written blueprint ready for the situations.

Involve and utilize the staff in researching new customer groups and developing loyal customer-programme.

9. Conclusion

This research studied what the staff and owners of Hotel X thought about the current stage of the hotel's marketing. The aim was to form a new strategic marketing plan for the hotel emphasizing on how the hotel could improve their marketing and what marketing efforts are needed. The aim was never to form a tactical marketing plan with a strict timeline but rather to give a framework on how the hotel should proceed with its marketing; what aspects of the current marketing actions could be improved and what kind of new marketing actions could be added.

As the research was conducted by interviewing the hotel's staff and owners the insight to the marketing operations of the hotel are extensive. The results of the research formed the strategic marketing plan with situational analyses, marketing objectives and strategy and in the end an action plan.

The outcome of the research is good for it offers the Hotel X a good framework on how to proceed with their marketing. It might offer new ideas and point out the areas that need improvement. The research could be continued for example with a more detailed time line and the division of areas of responsibilities between the owners and staff members.

The results of the research show that the Hotel X is in need of up dating its facilities as well as taking steps forward gaining new customer groups as well as taking a new approach on how to keep the regular customers satisfied and keep them coming back to the hotel. Hotel X has many advantages and disadvantages to it, but all in all it also has a lot a potential. It may not have the resources to be as modern and upscale as many of the nationwide chain hotels but it does have the resources to be innovative and to keep marketing the image of a “home-away from home” family hotel.

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APPENDIX 1

SEMI-STRUCTURED QUESTIONNAIRE IN FINNISH

1. SWOT

- Vahvuudet
- Heikkoudet
- Uhat
- Mahdollisuudet

2. Tilanneanalyysi

Missä Hotelli X on mielestäsi onnistunut?

Missä Hotelli X on mielestäsi epäonnistunut?

Onko varsinaisia kilpailijoita? Hinta-laatu-suhteeltaan samankaltaisia?

Lähiympäristö?

Toimivat varauskanavat tällä hetkellä?

3. Tavoitteet /Mitä halutaan saavuttaa?

Minkälaisia tavoitteita asettaisit Hotelli X:lle?

- Lyhyen ajan tavoitteita?
- Pitkän ajan tavoitteita?

Uusien asiakkaiden hankkiminen

- Yritykset
- Uudet asiakkaat / kanta-asiakkaat
- Hotel Vip Club / Hotel Express

- Mitä itse haluaisit kehittää?

4. Markkinointistrategia /Miten tavoitteet saavutetaan?

Mitä markkinoinnin työkaluja voisimme käyttää tavoitteiden saavuttamiseksi?

Jakelukanavat?

- Mahdollisesti joitain uusia?

5. (Toimintasuunnitelma, markkinointitoimenpiteet)

Miten itse Hotellin työntekijänä koet, että mikä rooli sinulla on Hotelli X:n markkinoinnissa?

- Työntekijät mukaan markkinointitoimenpiteisiin?
- Sisäinen markkinointi?

APPENCIX 2

SEMI-STURCTURED QUESTIONNAIRE IN ENGLISH

1. SWOT

- Strengths
- Weaknesses
- Threats
- Opportunities

2. Situational analysis

Where do you think hotel X has succeeded in?

Where do you think Hotel X has failed in?

Who are the competitors? Are the price and quality the same? Surrounding areas?

Working distribution channels at the moment?

3. Goals/ what do you want to achieve?

What kind of goals would set for hotel X?

- Short term?
- Long term?

Acquiring new customers

- Companies
- Hotel Vip Club / hotel Express
- New customers / regular customers

What would you like to develop yourself?

4. Marketing strategy / how achieve the goals?

What marketing tools can we use?

Distribution channels?

- New ones?

5. Action plan

What role do you see your self to have in the hotel X's marketing?

- Involving the employees to the marketing actions?
- Internal marketing?