

## **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)