

THE FUTURE OF HOSPITALITY MARKETING

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ABSTRACT

The role of marketing in the last decade was focus on product features and had little emphasis on customer service and responsible of quality only focused by production staff. Little attention or effort was made to keep them. Today, the customer is a king and satisfying customer is a top priority in every company to get and win the customers. They must provide product-service combinations with real value to customers; high service level and meet the customer needs, wants, and expectations. They must strongly focus on customer orientation. They must be expert in building customer relations, not just build products. Marketing is no longer to be viewed as a business function but rather as a philosophy in which every employee is intensely and personally interested in keeping the customer happy. Thus, it is necessity to deliver high satisfaction to customers in order to make ongoing relationship. This high satisfaction is the key to have success in future business. The goals are to deliver long-term value and make a good relationship with customers. Customer loyalty is the results of well managing of value and customer relationship marketing.

Keywords: marketing, hospitality marketing, satisfaction, relationship, loyalty

A. INTRODUCTION

The basic function of marketing such as sales, promotion, and advertising is to find and retain enough customers to maintain a profitable level of business. In this age of new investment, modernization, automation, and growing competition, the hospitality industry is rapidly becoming one of the largest industries in the world, and the hospitality industry plays a significant role in most economies. Faced with intensified competition, many hospitality companies are seeking ways to differentiate themselves from their competitors to attract and maintain customers. An increased level of competition has meant greater emphasis on marketing, and hospitality companies are forced to devote more time and attention to marketing in order to maintain their share of the market. Kotler et al. (1999, p. 345) state that to win, companies must deliver superior value to their target customers, and companies must be customer centered.

The marketing concept is a consumer-oriented philosophy that focuses all available organizational resources on the profitable satisfaction of the needs and wants of the customer (Ried, 1989, p.13). It is difficult to sell something to someone who has no need for it. Reich (1997, p. xv) describes that marketing is not a stand-alone function, but a set of principles that directs the company in

deciding what must be done to satisfy the customer. Furthermore, Kotler et al., (1999, p. 25) state that the company coordinates all the activities that will affect customer satisfaction and makes its profits by creating and maintaining customer satisfaction. All these statements indicate that to succeed in the future marketing, the hospitality company must foster a marketing environment at the corporate customer needs and wants, creating and maintaining customer satisfaction.

Customer satisfaction measures how well a customer's expectation are meet, if customers received what they expected, they are satisfied, and if theirs expectation were exceeded, they are extremely satisfied. This extreme satisfaction creates customer loyalty. Customer loyalty measures how likely customers are to return and their willingness to perform partner shipping activities for the organization (Kotler et al., 1999). Satisfaction is necessary but not a sufficient condition for loyalty. We can have satisfaction without loyalty, but it is hard to have loyalty without satisfaction (Shoemaker and Lewis, 1999). It seems that customer satisfaction is a requisite for customer loyalty, and a company must provide and delivery good quality of service to achieve customer loyalty.

Loyal customers are more valuable than satisfied customers. A satisfied customer who does not return and spreads no positive word of mouth has no net present value, but a loyal customer who returns and spreads positive word of mouth has a net present value (Kotler et al., 1999). In support of this a study by Bowen and Shoemaker (1998) found that loyal customers tell a median of 12 people about the hotel toward which they feel loyalty and that almost 20% claim that they would go out their way to mention their favourite hotel when discussing hotel with friends or colleagues. Highly satisfied customers make repeat purchases, are less price sensitive, remain customers longer, and talk favourably to others about the company and its products. Furthermore, Gronroos (2000) states that the effect of customer satisfaction on word of mouth communication to the firm is becoming "unpaid" marketing and sales persons. Then, a company must identify customers who become loyal customers and create more customers delivered value than the competition.

To make customer satisfaction and loyalty, a company has to provide good quality service delivered to customers. Quality has direct impact on product or service performance. And quality can be defined as "free from defects" (Kotler et al., 1999, p.16). Thus, quality begins with customer needs and ends with customer satisfaction. Moreover, Haksever et al., (2000) state that the service and its delivery system must be designed to meet the customer's needs in the most effective and efficient manner, and the customer expects to be treated with courtesy and respect. Furthermore, a study by Tam (2000) found that if management wants to enhance customer's satisfaction evaluations, it would be more beneficial to influence customers' perceptions of the service performance than altering their expectations. Thus, the task of improving service quality should be a company's top priority.

A study by Heskett et al., (1997) found that the link between customer satisfaction and customer loyalty was the weakest relationship in their service-profit-chain model. However, Kotler et al., (1999) state that to create customers become loyal customers; a company must identify creating a relationship with these customers, a relationship that leads to customer loyalty. In addition, Dube and Shoemaker (1999) described that creating brand relationships is the ultimate goal of loyalty programs. So, to build customer loyalty, a company must understand how to make good relationship with its customers.

This paper aims to give an understanding of the future of hospitality marketing. Crawford-Welch (1992, p.102) describe that the future of hospitality marketing will not be mass marketing but micro marketing, and it involves staying close to the customer, heavy customisation, use of targeted and new media, use of non media, use of relationship marketing, and use of middlemen for distribution purpose. And Kotler et al. (1999, p. 29) show that the marketing revolution is moving to completion, it's involved in satisfying customers, and marketing with its customer orientation has become the job of everyone. First, this paper will describe the marketing strategy in the hospitality industry. Then through customer orientation, service quality, and also a critical determinant of customer satisfaction will be explained. Next, customer satisfaction and customer loyalty through relationship marketing will be explained as well.

B. DISSCUSION

The term "marketing" is indeed used to include many different activities and marketing has been defined in many different ways. Kotler et al., (1999, p.12) define marketing as a social and managerial process by which individuals and groups what they need and want through creating and exchanging products and value with others. In addition, Ried (1989, p.8) defines hospitality marketing is encompassing the following: ascertaining the needs and wants of the customer; creating the product-service mix that satisfies these needs and wants; promoting and selling the product-service mix in order to generate a level of income satisfactory to the management and stockholders of the organization. Marketing, however, focuses on the needs and wants of the customer. It is difficult for a company to sell something to someone who has no need for it. Understanding customer needs and wants in detail provides important input for designing marketing strategies.

To achieve success in marketing, managers must closely examine and understand all of the components of the marketing mix, consists of product, place, promotion, and price. These components must be combined and managed in the proper manner (Ried 1989, p.21). Moreover, this marketing mix does not apply to the hospitality industry, because traditional marketing mix more focuses on the product than on the service. It more focuses on product features, short time scale, and put little emphasis on customer service, while quality is the concern of the production staff (Kotler et al. 1999, p. 354). And to

be executed in the hospitality industry, service must be considered. The contemporary hospitality marketing mix is a combination of three sub-mixes consisting of:

1. Product-Service Mix. This is combination of all the products and services offered by the hospitality operation.
2. Presentation Mix. This includes physical location, atmosphere (sound, colour, and lighting), price, and personnel.
3. Communication Mix. This involves all communication that takes place between the hospitality operation and the customer (advertising, marketing research, and consumer perception) (Ried 1989, p.22).

Indeed, to have success in marketing, the hospitality industry must design an appropriate marketing strategy with the marketing mix to provide customers needs and wants. All managers and employees should be aware of customer needs and wants and should be organized and integrated so that the customer requirements are met. Customer orientation should be the point for company decision-making.

Before the company can increase the understanding and skills in marketing, the company must understand the concept of customer orientation. It means that all management decisions must be made with regard to likely response of their customers. Always marketing strategies should begin by considering the customer's point of view rather than the company's (McIntosh 2002). Customer orientation is the focus on meeting the needs of one's customer, internal or external. This service establishes specific customer satisfaction standards and actively monitors client satisfaction, taking step to clarity and meet customer needs and expectations. For example, Mandarin Oriental Hotel has a guide principle in order to exceeding their guest expectation, " We will strive to understand our customer, client and guest needs by listening to their requirements and responding in a competent, accurate and timely fashion. We will design and deliver our services and products to address our customers' needs". (www.mandarin-oriental.com). Teresa Xin who has worked as the deputy general manager of Beijing's China World Hotel states "customer orientation is the key of the business". She thinks it is important to ensure that guests and employees feel at home in the hotel and she believes that if the staffs are happy in a "family" environment, they will be able to generate quality service to the guests. Flowerday supports this statement and conclude that all staff members are the front line in customer service and it is interests to educate and train staff continuously to deliver quality customer service (www.asaenet.org/sections). So, each employee makes a contribution to the customer. Therefore, it is necessity for the company to take time to understand the customer needs and wants, and ensures the all staff delivering quality service to the customer.

According to Kotler et al. (1999, p. 4), the purpose of a business is to create and maintain satisfied profitable customers, and customers are attracted and retained when their needs are met. Customer satisfaction leading to profit is the central goal of hospitality marketing. When a business satisfies

its customers, the customers will pay a fair price for the product. By this they mean that by providing service to the customers and meet their expectation of service, a company will create customer satisfaction, and this satisfaction will lead to profit for the company. Thus, customer orientation has a positive effect on profitability, and depending on how well the company can provide good quality of service to customers, and meet their expectations.

Services are for the most part intangible, unlike products, which are tangible. Service quality is an important and growing interest among hospitality industries. This is an attribute, which has an important role of the service companies. Many service companies have been using service quality as a differentiation tool. Manufactures and companies selling goods also use service to increase their product offerings. Service marketers must be concerned with characteristics of services. The primary characteristics of service consist of: (Kotler et al. 1999, p. 42; Haksever et al. 2000, p. 16)

Intangibility - services are to a large extent abstract and intangible

Inseparability - Service are typically produced and consumed at the same time, with customer participation in the process

Perishability - it is not possible to store services in inventory

Variability - service are highly variable.

The hospitality industries can be defined as delivering an intangible product. This product should be offered with the aim to satisfy all the wishes of the guests and to reach a high level in service quality. To make customer satisfaction and loyalty, a company has to provide good quality service delivered to customers. Quality has direct impact on product or service performance. And quality can be defined as "free from defects" (Kotler et al., 1999, p.16). Thus, quality begins with customer needs and ends with customer satisfaction. And Gronroos (2000, p.128) states that "good service" means that the service is genuinely good. The service is excellent if a company offers and meets customers' expectations. Moreover, Zeithaml and Bitner (2000, p.74) describe that quality and satisfaction is based on customers' perception of the service, and they state that perceived service quality is component of customer satisfaction. The customer's perception of service quality, their overall satisfaction with the service, and repeat purchase decision all depends to a large extent on their perception on the service encounter (Haksever et al. 2000, p.26). In addition, a study by Tam (2000) found that perceived value is an important faktor in customers' evaluation of satisfaction and post-purchase behaviour. Therefore, the service and its delivery system must be designed to meet the customer's needs, wants, and expectations in the most effective and efficient manner to create customer's satisfaction and customer's loyalty. Thus, the task of improving service quality should be a company's top priority.

Improving guest service and providing high-quality service on a consistent basis is likely a top priority of all managers working in the hospitality industry. Organization must satisfy their customers if they want to survive and success. Satisfaction according to Zeithaml and Bitner (2000, p.75) is the customers' evaluation of a product or service in terms of whether that product

or service has met their needs and expectations. Next Kotler et al. (1999, p.348) state that customer satisfaction depends on the product's performance relative to a buyer's expectations. And if the company establishes consumer satisfaction in their operations, it is necessary to make customers to be pleased. As a result highly satisfied customers produce several benefits for the company. Customers will return more frequently to the company and will have positive influence to profit.

Ried (1989, p.15) describes that benefits from satisfied customers is word of mouth advertising, by telling their friends and associates about their positive experiences with the company. Similarly, Lovelock (2001, p.122) shows the benefits of customer satisfaction. First, satisfaction is inextricably linked to customer loyalty and relationship commitment. Second, highly satisfied (delighted) customer spread positive word of mouth, and third, lowers costs of attracting new customers will be the result. Also Kotler et al. (1999, p. 16) state that highly satisfied customers make repeat purchases, are less price sensitive, remain customers longer, and talk favourably to others about the company and its products. Moreover, Gronroos (2000, p.129) states that the effect of customer satisfaction on word of mouth communication to the firm becomes "unpaid" marketing and sales persons for the firm. The customer takes over the role as marketer without any additional cost for the firm. It is clear that the hospitality industry must establish customer satisfaction as the number one objective to success in the future and in comparison to competitors.

However, nowadays it is not simply a matter of achieving customer satisfaction. The key strategy for customer-focused service is to measure and monitor customer satisfaction and service quality (Zeithaml and Bitner 2000, p.95). Companies want to retain customers because of the costs involved continually acquiring new ones but also in the hope that loyal customers will become more profitable customers. Customer satisfaction results from a subjective comparison of expected and perceived attribute level. If perceived performance meets or exceeds expectations, the customer is satisfied, even perhaps delighted; where performance falls below expectation, the customer is dissatisfied (Mudie 1997, p.7), and becomes "terrorist" (Gronroos 2000, p.129). The quality of the services provided is determined by front line employees who have contact with the guest. Therefore vital for the company to have in place suitable management systems to monitor, measure, and control service quality and to train, empower, provide incentives and reward staff to provide and motivate high quality service personnel (Reichheld and Sasser 1990; Ried 1989, p.38). The service profit chain by Heskett et al. (1997) supports this statement and said that the employee satisfaction has influenced to the service delivery, which influence the customers' satisfaction. Thus, it is requirement for the company to make employees satisfied, train and educate them continuously, and they will be able to generate quality service to the guests. For example, Hilton Hotels gives 100% satisfaction guarantee to the customer (www.hilton.com). This satisfaction guarantee focuses on complete guest satisfaction. Through the guarantee, Hilton Hotels commit to provide high quality accommodations,

friendly and efficient service, and clean comfortable surroundings, for all guests.

Marketing efforts are executed in many cases to attract new customers. Relationship marketing is oriented more towards the long-term marketing, to maintain customers come again and again. Relationship marketing is attracting, maintaining, and enhancing customer relationships (Ried 1989, p. 36; Kotler et al. 1999, p.352), and focuses on keeping and improving current customers, rather than on acquiring new customers (Zeithaml and Bitner 2000, p.138). The company must implement strategies to retain existing customers because it is a lot more costly to attract new ones. If customers are satisfied with products or services they have purchased they will repeat purchase. The company must provide high quality product, good service and reasonable price, if the company wants to make a good relationship with existing customers. The customer prefers to have a relationship and stay in this relationship with the company when they are provided with good quality products and services. Thus, it is necessity to deliver high satisfaction to customers to make ongoing relationship.

The importance of relationship marketing will increase in the future. The company must develop a strong relationship with their customer, which helps prevent them from switching to competitors. Sheraton Club International offers its members special rates, upgrades based on availability, special amenities, their own floors, and often their own lounge with complimentary beverages (Kotler et al. 1999, p. 543). Most companies are finding that they earn a higher return from resources invested in getting repeat sales from current customer then from money spent to attract new customers. Kotler et al. (ibid, p.355) show that the goal of relationship marketing comes from continued patronage of loyal customers, reduced marketing costs, decreased price sensitivity of loyal customer, and partnership activities of loyal customers. Reduced marketing costs are the result of requiring fewer marketing dollars to maintain a customer than to create one and the creation of new customers through the positive word of mouth of loyal customers. Moreover, Zeithaml and Bitner (2000, p.139) state that the primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. The firm will seek to attract customers who are likely to become long-term relationship. As the number of these relationships grows, the loyal customers themselves will frequently help to attract (through word of mouth) new customers with similar relationship potential. Therefore, customers and companies get benefits from this relationship. Customers will remain loyal to a company when they receive greater value relative to what they expect from company's competitors. And for the company, through word of mouth communication from loyal customers, it will get free advertising and can reduce the costs of attracting new customers.

Kotler et al. (1999, p.354) describe that to build relationship marketing, companies must focus on: orientation to customer retention, continuous customer contact, focus on customer value, long time scale, high customer

service emphasis, high commitment to meeting customer expectations, and quality concern of all staff. Customers will like to stay in the relationship, when they are consistently provided by a high quality products and services. They would not go to the competitors if the company understand their needs and wants. These customers will become loyal customer and can be even better customers if they make more purchases over time. Loyal customers not only provide a solid base for the company, they may represent growth potential. A database-marketing program is the most effective way to build loyalty, increase frequency, and improve retention (www.rayjutkins.com). A loyalty program allows the company to create a relationship with customers. For example, Radisson Hotel enhances customer relationships with Gold Points Rewards (www.hotel-online.com). Radisson Hotel gives bonus points to the member for the same stay at Radisson Hotels and Resorts. Members can then redeem Gold Points for free nights at Radisson®, brand name merchandise, gift certificates, airline miles and more. With Radisson Gold Rewards will not only build customer loyalty, but also enhance customer relationships. Another example, Hilton Hotels offer a guest reward program and called Hilton HHonors (www.hilton.com). As an HHonors member, the guest will enjoy a variety of services and amenities that are tailored specifically for the member. Then with this program Hilton also offers the members the ability to earn both hotel points and airline miles for the same stay in Hilton Hotel groups and partners at more than 60 airline partner around the globe.

Loyal customers are more valuable than satisfied customers. Loyalty is related to getting and keeping customers. The company will not achieve customer loyalty unless the company provide a high level of quality service to customers. Lovelock (2001, p.151) states that loyalty has been used to describe a customer's willingness to continue patronizing a firm over a long term, purchasing and using its goods and service on a repeat and preferably exclusive basis, and voluntarily recommending the firm's products to friends and associates. Also Kotler et al. (1999, p.351) state that customer loyalty measures how likely customers are to return and their willingness to perform partnership activities for the organization. Moreover Mudie (1997, p.12) states that it has always been incredible to see how insensitive companies can be to their customers. Most of them do not seem to understand that their future business depends on having the same customer come back again and again. It is clear that to succeed, companies must achieve customer loyalty to have success in future and compared competitors.

3. CONCLUSIONS

The traditional role of marketing has been to win customers, focus on product features and had little emphasis on customer service and quality is the concern of the production staff. Little attention or effort was made to keep them. Today, the customer is a king and satisfying customer is a top priority in companies. They must provide product-service combinations with real value to customers; high service level and meet the customer needs, wants, and

expectations. They must strongly focus on customer orientation. They must be expert in building customer relations, not just build products. Moreover, marketing is no longer to be viewed as a business function but rather as a philosophy in which every employee is intensely and personally interested in keeping the customer happy. Thus, it is necessity to deliver high satisfaction to customers in order to make ongoing relationship. This high satisfaction is the key to have success in future.

They key strategy for the customer focus in hospitality industry is to measure and monitor customer satisfaction and service quality (Zeithaml&Bitner 2000, p.95). Service quality is a component of customer satisfaction. Satisfaction is the customers' evaluation of a product and service in terms of whether that product or service has met their needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product and service. On the other hand, high customer satisfaction will create customer loyalty. To develop loyal customers, managers must have extremely satisfied customers and create a relationship with customers - a relationship that leads to customer loyalty; involves creating, maintaining, and enhancing strong relationship with customers. (Kotler et al. 1999).

Therefore, customers and company get benefits from this relationship. Customers will remain loyal to a company when they receive greater value relative to what they expect from company's competitors. And for the company, through word of mouth communication from loyal customers, the company gets free advertising and can reduce the costs of attracting new customers. In conclusion, customer loyalty is the results of well managing of customer relationship marketing. Relationship marketing is oriented more toward the long term. The goal is to deliver long-term value to the customers, and the measure of success in long term is customer loyalty. It can be seen that, customer loyalty is the future of hospitality marketing that provides product-service combination with real value to customers; high service level and meet the customer needs, wants, and expectations.

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