



NEW PARADIGMS OF THE HOSPITALITY MARKETING

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ABSTRACT

The paper discusses the changing concept of hospitality marketing. As an alternative to the Marketing 2.0 paradigm and the traditional 4p's of the marketing mix (price, product, placement and promotion), tourism businesses tend to develop new operational management models reinvented now under the Marketing 3.0 paradigm and 4e's mix (emotion, exclusivity, engagement and experience) where brand management and online situation have a significant role. The use and development of technological platforms B2C (Business-to-Consumer) and C2C (Consumer-to-Consumer) has been a commitment of tourism companies to attain this goal, changing the traditional paradigm of tourism distribution. This is particularly relevant within the tourism services considering its immaterial and perishable dimensions. Facebook has become a strategic tool of social media and in operational terms, the company website, its Facebook profile or other similar tools become a space for sharing and communication between consumers. Ancillary Revenue and Yield Management are the new paradigm. The ancillary revenues business model gives a sense of exclusiveness to the client, allowing him/her to create his/her tourism experience according to his/her needs. Multi-Channel Marketing is the New Norm of hospitality marketing

KEYWORDS: Tourism, Hospitality Marketing, Technology, Innovative Technology

PROLOGUE

Hospitality marketing is unique because it deals with the tangible product, like a bed in the hotel or food in the restaurant, but it also deals with the intangible aspects of the hospitality and tourism industry. It is about the experience in a trip and social status it brings eating in a fine-dining restaurant. Hospitality marketing is very critical in the success of any hospitality and tourism product, organization and tourist destination. Proper marketing effort promotes a product or service that fills the needs and wants of the consumers and at the same time, bring profits to the organization or country that features it. Changes in the macro environment in terms of technology, economic situation, cultural generational differences, political uncertainty, etc. cause shifts in the hotel industry

cycle. In recent years consumer behavior in the international hospitality sector has changed dramatically. The 'new' consumer the so called neo rich has become the fastest growing customer segment within the hospitality industry. This class as the member of the newly formed consumer society always has the problem with the shortage of time.

All the solutions that are effective and fast mean the way to success. As a result, the importance of the up-to-date information has increased. This new segment is very demanding and expects high quality services from the commercial accommodations. Therefore customer service is strongly highlighted among the new trends in the hospitality industry in 2015. Innovative technology



became one of the most important issues in the operation of hotels. Electronic check-in can be done either by mobile phone or by an App. The tourism and hospitality industry is one of the sectors where online marketing brought

massive changes. Making a difference in this area requires a good understanding of the business, market, experience and skills. Figure 1 display the change of online marketing

Figure 1 on line marketing Strategy

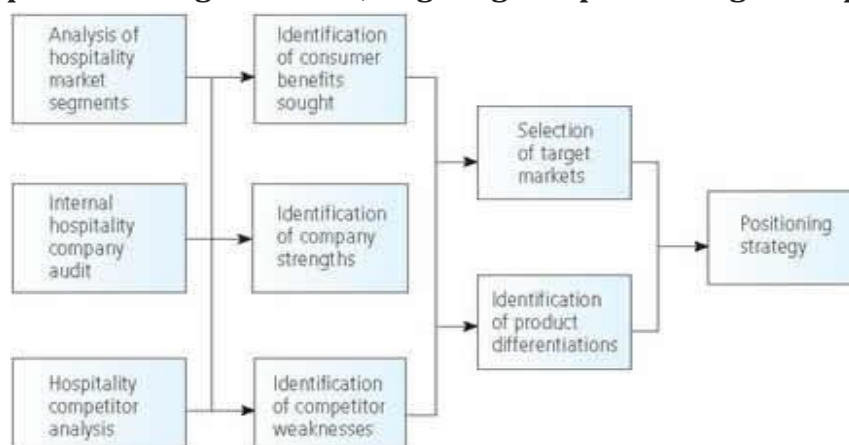


Distribution channels play a very serious role in the hospitality sector. How to increase revenue and same time decrease the costs of Online Travel Agencies (OTA) is the question here. The commissions the hotels pay to the Online Travel Agencies can range from 15-30% and that cause difficulties by reaching the targeted customers. The solution is to increase direct hotel bookings. So, instead of travelers booking via OTA sites, it lets them book directly from your site. Reaching as many potential guests as possible, out of good distribution channels, reputation management plays a crucial role in this sector. According to Bin Yu and Munindar P. Singh (2002) one of the major challenges for electronic commerce is how to establish a

relationship of trust between different parties. Founding trust is nontrivial, because the traditional physical or social means of trust cannot apply directly in virtual settings.

Rauch (2014) suggests to hotels to use only one tool instead of different others for managing a property's reputation process. Based on his opinion, one of the means is Revinate as a complete, one-stop solution for reputation management instead of the cumbersome process of logging into each platform and spending an exorbitant amount of time on a crucial yet time consuming aspect of the hotel industry. Figure 2 displays the process of segmentation, targeting and positioning in hospitality

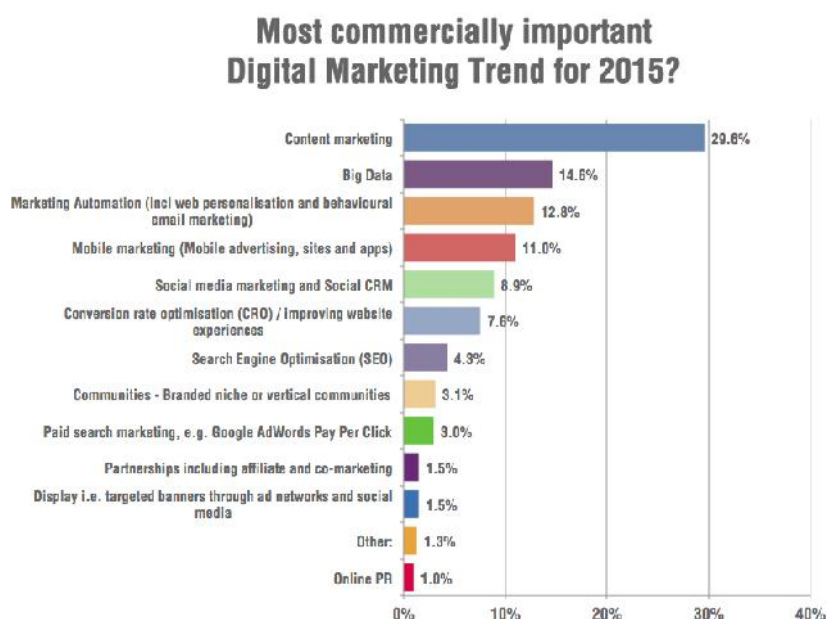
Figure 2 the process of segmentation, targeting and positioning in hospitality



A good marketing plan for a given period of time is a must for each hotel. However, the fast changes in the macro environment require flexibility from the hotels. Real time marketing is the answer for this challenge. The application of this type of marketing must take place on a regular basis and include guest-generated content. Simply creating original content will not keep the Search engine

optimization (SEO) strategy current in 2015. Be intentional with the content marketing strategy because the importance of content is not a secret anymore. How content is researched, put together, and distributed will separate the winners and losers in organic search moving forward. Figure 3 explains the Digital Marketing trends of 2015

Figure 3 Digital Marketing trends of 2015



New Paradigms of the Operational Marketing Management: Marketing 3.0 & Marketing Mix 4e’s:-

Given the main strategic marketing options mentioned above, the premises of operational marketing management also tend to change. As an alternative to the Marketing 2.0 paradigm and the traditional 4p’s of the marketing mix (price, product, placement and promotion), tourism businesses tend to develop new operational management models reinvented now under the Marketing 3.0 paradigm and 4e’s mix (emotion, exclusivity, engagement and experience) where brand management and online situation have a significant role (Kotler et al., 2010; Lusensky, 2011). Marketing 3.0 lifts the concept of marketing into the arena of human aspirations, values, and spirit. Marketing 3.0 believes that consumers are complete human beings whose other needs and hopes should never be neglected. Therefore, Marketing 3.0 complements emotional marketing with human spirit marketing. In times of global economic crisis, Marketing 3.0 gains more relevance to the lives of the consumers as they are impacted more by rapid social, social, economic, and environmental change (Kotler et al., 2010:4).

From Promotion to Emotion:-

Brands in a tourism market that tends more and more towards the characteristics of oligopoly, and alongside a tourism demand which is increasingly more comprehensive, diverse and global, brands tend to be a vital management element given that they give companies the necessary tools to cover their growing global business spectrum (concerning markets and products) and at the same time guarantee the means for the segmentation of its products and markets in an increasingly heterogeneous and global demand. In this scenario, brands are much more than a simple link in a business relationship between consumers and companies, and become an emotional asset. For this reason, tourism companies tend to ground their brands in a set of human and spiritual values and to create bonds and communities among its consumers. For instance, several companies have already created innumerable programs of responsibility and environmental awareness. Facing a society increasingly sensitive to environmental issues and clients who are more emotional and concerned about values and global and personal well-being, the purpose of these companies is not only to occupy such place in the mind of the consumer but also to establish

an emotional and permanent relationship with him/her, thus sharing common ideals which are determining factors at the moment of purchasing a service, i.e. in the context of the business relationship. Nonetheless this affective dimension of social well-being goes beyond environmental issues. The development of social responsibility programs tends to become a common practice among tourism companies. Like tourism activities, these projects have neither boundaries nor nationalities and operate on an international level. For instance, Emirates Airlines has created a social responsibility campaign through the Emirates Airline Foundation aiming to help the children

of Bangladesh, India, Sri Lanka and Kenya. The Emirates Airline Foundation provides humanitarian, philanthropic aid and services for children in need. The Foundation aims to improve the quality of life for children, regardless of geographical, political, or religious boundaries, and to help them maintain and improve their human dignity” (in www.emirates.com). These values tend to become the values of these brands, creating a new emotional bond between the consumer and the company. The relationship between both is now founded on a new emotional primacy in contrast to the traditional promotion approach. Figure 4 displays the new marketing mix for the hospitality industry

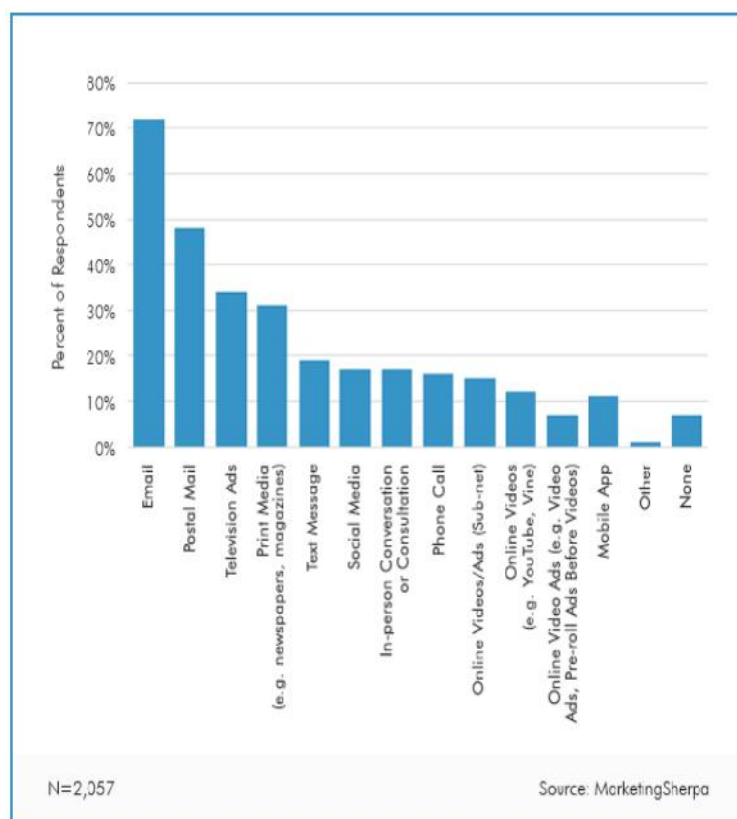
Figure 4 The new marketing mix for the hospitality industry



From Placement to Engagement Alongside this spiritual and emotional bondage, brands also ground their commercial strategy in an active and close relationship with the consumer. The use and development of technological platforms B2C (Business-to-Consumer) and C2C (Consumer-to-Consumer) has been a commitment of tourism companies to attain this goal, changing the traditional paradigm of tourism distribution. This is particularly relevant within the tourism services considering its immaterial and perishable dimensions.

Inspired by the effects and action of C2C platforms known as virtual travel communities (such as www.tripadvisor.com) tourism companies have started to join these communities or to develop their own online spaces and tools and have ultimately entered the universe of social media, especially through Facebook (McCarthy et al., 2010). In the Accor group this is quite visible in the group’s homepage where one can find direct reference to the partnership with the Virtual Travel Community (VTC) Figure 5 exhibits the new Marketing media trends in hospitality Industry in USA.

Figure 5 The new Marketing media trends



Instead of being interpreted as a threat (because consumers may publicly express all their feelings and thoughts about the company, whether about the companies' services or about any extraordinary situation – like for instance the strike of the Transports Aéreos Portugueses (TAP) Portugal airline's pilots in Portugal in December 2011 and January 2012), they have been used as a strategic tool in the relationship with the consumer by ensuring a privileged and efficient means of communication and information management (for example in the management of crisis during strikes or natural disasters like the situation caused by the volcano in Iceland in 2010) basing the relationship between consumers and companies in a many-to-many principle (since communication may occur in various senses: consumer-company, company-consumer, consumer-consumer). And so the traditionally form of "word of mouth" has been reinvented and becomes even more powerful – electronic word of mouth (eWOM) (Sparkings & Browning, 2011). More recently, Emirates Airlines, in order to celebrate to have reached one million fans on Facebook, launched the following campaign: "In celebration of reaching 1 million Facebook fans, we have given our A380 a bit of a makeover. The aircraft, with the Facebook sticker, will be flying around the world and we want you to send us your pictures of the plane when you spot it. Just

private message us here or send an email to facebook@emirates.com and we'll feature your picture on this page. Thanks again to everyone who participated in helping us reach this milestone!" (November, 2012).

In this particular context and in operational terms, the company website, its Facebook profile or other similar tools become a space for sharing and communication between consumers –. Communitization "Technology not only connects and propels countries and companies toward globalization but also connects and propels consumers toward communitization. Companies that want to embrace this new trend should accommodate this need and help consumers connect to one another in communities. Godin argued that succeeding in business requires the support of communities" (Kotler et al., 2010:33). The distribution process moves into a more complex stage of engagement where there is a relationship and active participation of the consumer beyond the mere commercial transaction. Perhaps, the F-Commerce (Facebook-Commerce) can become the state-of-the-art this new stage: "F-commerce for consumer brands is new and experimental, and future trends will depend on how successful f-commerce turns out to be at achieving brand objectives. The future of f-commerce is not set; there is no fate but that which brands make for themselves" (Marsden, 2011: 25).

Facebook: a strategic tool of social media: –

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Today airlines website is not just a mere tool to sell plane tickets online. The company has enhanced its online communication platform through strategic partnerships with other credible reference brands (like www.booking.com) that offer other tourism services and thus leading the consumer to associate TAP Portugal with values such as trustworthiness and reliability and allowing him/her to book a wide range of services. Air India, British Airways and number of other airline sites are typical examples of providing services to the customers. These services are presented to the consumer as part of the company’s portfolio because they are relevant in the demand context and are an added value to the tourism experience. This diagonal diversification strategy has allowed to achieve a leading position in the relationship with the consumer and allows him/her to build his/her own personal travel experience according to this/her specific needs. Instead of simply selling plane tickets, it allows its customers to idealize and customize their tourism experience in its website. Given that it is based on the primacy of ancillary revenues this business model has also repercussions in the financial gains of the company (Tranter et al., 2009). Instead of simply offering tourism products, tourism businesses use these new concepts and management tools in order to provide the consumer with the necessary means for the customization of their own

personal tourism experience and therefore allowing him/her to actively engage in the development and innovation of the product and company.

From Price to Exclusivity:-

Ancillary Revenue and Yield Management are the new paradigm. The ancillary revenues business model gives a sense of exclusiveness to the client, allowing him/her to create his/her tourism experience according to his/her needs. However it also important to bear in mind the increasingly competitive, global and transparent nature of the tourism market which demands a more active and dynamic management of the “value for money” offered by businesses in this sector. Given this context, companies tend to emphasize and reinforce the Revenue and Yield management philosophy and tools in their management models. “The move towards new tourism stimulated by a more quality conscious and independent minded consumer and by the new technologies now being used to maximize yield rather than volume” (Knowles, et al., 2004:16). This situation results from the fact that Revenue and Yield management focuses on the management of demand rather than supply, in contrast to the previous management premises and tools used so far. Until now the management of tourism business was conditioned by the premise that supply was a perishable good, a fact that reached its height with the over use of the last minute sales. This management philosophy turned out to be inadequate because it entailed a set of limitations to the process and financial performance of tourism businesses, namely in the loss of benefits and inadequate cash flow which were insufficient to the business financial needs. For its part Yield and Revenue management which is sustained in the BAR axiom (Best Available Rate) has demand and its dynamic nature as starting point for the management process. This philosophy allows not only a dynamic product/service relationship determined by demand but also stimulates the early booking philosophy (and all its inherent advantages of anticipation, either on the financial level or the operation management level) (Abrate et al., 2012). It is also important to acknowledge the growing relevance of communication and sales online tools, either due to the new consumer profile or the tourism service’s own nature that is increasingly global and more committed to the development of e-mobile solutions. This gives a unique set of transparency, accessibility and comparability to the marketing of tourism business that is translated into an added negotiating power given to the consumer. Therefore merely competing for price becomes extremely risky and vulnerable not only for the business players but also for the industry as a whole, given the

potential price wars and succeeding dumping. In such a context the price variable succumbs, giving place to the exclusiveness concept since the “value for money” must be primarily aligned with the consumers’ unique needs and preferences.

Multi-Channel Marketing is the New Norm:-

Today’s hyper-interactive travel consumers see your marketing messages across a variety of different channels. Now more than ever, there is a convergence of

new and traditional digital formats, of interactive and offline marketing channels such as social media and print, hotel websites and social media initiatives, mobile and email, etc. Hoteliers need to reach future and current customers at multiple touch-points and understand that all of this activity will culminate on the hotel website.

Figure 6 displays how the hotel website has become the main hub for content delivery and multi-channel customer engagement:

Figure 6 Multi-channel customer engagements



CONCLUSIONS AND GUIDELINES

The current strategic options of tourism companies generally reflect the circumstances of a context that is increasingly global, interdependent, uncertain, and technological and focused on sustainability issues. The growing control of large multinational companies which are based on the primacy and potential of scale, scope and knowledge scales is increasingly significant. Therefore its impact and structural change in the market are also progressively significant and should be the object of further research. Still regarding tourism market structure, the rapid emergence of low cost and its likely potential growth place it as an important segment whose features and changes it may cause in the balance of the market should also be taken into consideration. New business strategies related to unbundling philosophy and ancillary revenue should be considered and properly evaluated as well. Tourism and its business activity are facing a scenario of change conditioned especially by the increase of demand, new values and premises like sustainability and social responsibility. For this reason a more thorough and varied approach to demand is needed, namely on the consumer behavior level. However this is not a standardized

behavior and we are witnessing a counter-cycle in the developed markets in contrast with the emerging ones. There is a concentration of business translated in various mergers and acquisitions and the growth of the budget market. Nevertheless due to the diversification of the demand, companies tend to bet in brands as a priority form of supply, such as budget branded (in airline business, rent-a-car, ship cruises) and residence branded (high value for money). The diversity of challenges introduced by the internet also needs special attention by virtue of changes it may produce in different dimensions of the business, either indirectly, by means of changing the consumer profile, or directly, in terms of new product concepts, new forms of marketing and management tools. In this new scenario the commercial action of tourism organizations tends to turn to a new pattern where promotion gives place to emotion, price to exclusivity, placement to engagement and product to experience. If there are opportunities given the increase of the potential market, there are also challenges regarding a new heterogeneous, experienced and informed demand that must be considered. This is a reality that lacks monitoring

given its present state of change and evolution. On the other hand, the growing implementation of diagonal diversification strategies reflects this scenario and reinforces the importance of research. Finally it should be noted that the context identified and analyzed here refers to structural dimensions, On the contrary, likewise the scope and purpose of approach the society is facing a set of circumstances that should be understood as transformation vectors which due to their scope and structural nature should be studied and monitored using different realities. It is therefore important to conduct continuous and systematic studies that will ensure the validation of the trends described and discussed here, using different realities in terms of dimension, business models and processes as well as different geographical realities.

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