

**THE SIGNIFICANCE OF UNIQUE  
SELLING PROPOSITION ON  
CONSUMER PURCHASING DECISIONS  
IN HOTELS**

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Abstract  <p>The hospitality Industry is comprised of individual hotels in which each one of them differs in the way that they position their products and services with the intention of catering for the advancing present day consumer needs. It is hence important for hospitality businesses to possess a unique selling proposition.</p> <p>The objective of this study is to determine the importance of the 4 P's of marketing mix in consumer purchasing decision. The 4 P's concept is a tool used in modern marketing to influence the consumers to buy and use services and products marketed.</p> <p>The study adopted a quantitative research method which consisted of a survey questionnaire whereby questionnaires were distributed out to twenty-five respondents with feedback from eighteen of the respondents after which quantitative data was obtained.</p> <p>The results of this study concluded that the aspects of marketing in the marketing mix are viewed differently among different people but still some of the elements carry more weight in terms of what consumers may be willing to overlook during a hotel visit. In conclusion of this study, the main elements that marketing teams should put emphasis to are price and location . Although the product image and promotion are also important in marketing, they do not carry as much weight in a consumer purchase decision to a hotel.</p>		
Keywords/tags ( <a href="#">subjects</a> )  Unique selling proposition (USP), Consumer purchasing decisions, Marketing mix		
Miscellaneous		

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# 1 INTRODUCTION

## 1.1 Background of the study

Purchasing behavior is the decision process and acts of individuals involved in purchasing and using products, which includes social and mental process (Kotler & Armstrong 2004). Understanding Consumer behavior is vital as it helps marketers to predict all consumer actions involved before choosing to purchase one thing over the other. Consumers also get to know of other influential factors that determine the purchasing decision. Purchasing behavior is influenced by four factors which include cultural, personal, social and psychological factors. Most of these factors should be considered while trying to understand the complex behavior of the consumers. (Solomon, 1995)

The consumer's decision making regarding purchasing and utilization of different goods and services is influenced by many internal and external factors. Among the external factors, the most important are; the qualities of the product itself, the brand and the package in which it is incased. Non-product related qualities are the external aspects of the product or service that relate to its consumption such as the price information, packaging or product physical appearance, user imagery and usage imagery. (Mullen, 1995) Demographic factors that influence the customer's purchasing behavior are the internal factors such as age, gender, income, occupation, education, family size, religion, generation, nationality and social class. The market is hence divided based on these factors which differentiate customer groups as the customer needs. (Kotler, 2001)

According to Zeithaml (1988) Consumer perceptions of price, quality and value are important determinants of shaping behaviors and product choice. They are the key factors affecting consumer perception. Most of the consumer factors correlated with attitude include; personality, perceptual and socioeconomic (Batra & Sinha, 2000). Consumer perceptual variables that have been identified include price, quality perception, perceived quality, value consciousness, price consciousness, perceived

price fairness, smart shopper self-perception, familiarity with goods, brand loyalty, perceived risk associated with purchase, risk averseness and general deal proneness. (Garretson et al.,2002) cited by (Mutheu, 2014,6)

### 1.2 Statement of the problem

There has been a problem in the hospitality industry in meeting the consumer purchasing decisions. In addition, there has been an increasing rate of competition between existing and new hotels in the need of catering for the advancing present day consumer needs and preferences and hence the importance of possessing a unique selling proposition. Furthermore, new business models such as sharing economy and AirBnB are increasing the competition.

### 1.3 Objectives of the study

The main research question of this study is: what is the importance of the 4 P's of marketing mix in consumer purchasing decision? Specific objectives of the study are to determine the effects of different elements on the customer's choice to buy into a hotel facility based on price, location, product and promotion.

The study will be of importance to the management hotels as it will be able to adopt unique selling proposition that will boost consumer-purchasing decision. The study will benefit researchers who may wish to develop the study further through subsequent researches and the academicians wishing to enrich their knowledge on the concept of customer purchasing decision.

### 1.4 Scope of the study

The study sought to establish the influence of unique selling proposition on consumer purchasing decisions. The study is based on international hotel customers' perception of the various characteristics of hotels. The limitations of this study are

related to number and nationality of the respondents. The study assumed that the participants honestly and truthfully responded to the questionnaires and interview.

### 1.5 Research methodology

The common research methods used to explore a phenomenon are qualitative and quantitative Methods. According to Johnson and Christensen (2008), the qualitative research is used to understand and interpret social actions, and that the typical objectives for qualitative research are to explore, discover, and construct. This research method is considered to be subjective and it uses observations, in-depth questions, and open-ended responses to collect data.

Qualitative research method is used to test hypotheses, look at cause and effect, and make predictions and the typical research objectives for quantitative research is to describe, explain, and predict. The types of data collected are numbers and statistics and in this type of research objectivity is critical; researchers seek precise measurement and analysis of concepts by use of questionnaires and surveys. (Lichtman, 2006)

Johnson (2014) states that the two methods can also be mixed, and that mixing is useful especially if the research question requires that both qualitative and quantitative aspects of the research question need to be studied.

Table 1: Comparison of qualitative and quantitative methods of research. Northeastern University (2017)

	Qualitative	Quantitative
<b>General framework</b>	<ul style="list-style-type: none"> <li>• Seek to confirm hypotheses about phenomena</li> <li>• Instruments use more rigid style of eliciting and categorizing responses to questions</li> <li>• Use highly structured methods such as questionnaires, surveys, and structured observation</li> </ul>	<ul style="list-style-type: none"> <li>• Seek to explore phenomena</li> <li>• Instruments use more flexible, iterative style of eliciting and categorizing responses to questions</li> <li>• Use semi-structured methods such as in-depth interviews, focus groups, and participant observation</li> </ul>
<b>Analytical objectives</b>	<ul style="list-style-type: none"> <li>• To quantify variation</li> <li>• To predict causal relationships</li> <li>• To describe characteristics of a population</li> </ul>	<ul style="list-style-type: none"> <li>• To describe variation</li> <li>• To describe and explain relationships</li> <li>• To describe individual experiences</li> <li>• To describe group norms</li> </ul>
<b>Question Format</b>	<ul style="list-style-type: none"> <li>• Closed-ended</li> </ul>	<ul style="list-style-type: none"> <li>• Open-ended</li> </ul>

## 1.6 questionnaire design and data collection

In this study, quantitative method was chosen as the research method, because the method was more suitable to send questionnaires to a larger sample of respondents, and the purpose was to find a neutral description of how the 4 P's of the marketing mix influences customers' purchase decision.

The questionnaire format always depends on whether the research is intended to derive information through investigative measures (qualitative) or information based on experiments to examine a previously produced hypothesis. The format of a questionnaire determines how easy it is for interviewers, respondents, and data processing personnel to read and understand the questions and the kind of answers required. Thus, the quality of the data becomes heavily influenced by the questionnaire format. (Sanchez, 1992)

The questionnaire was formatted in a standard form whereby all respondents used a similar method to select answers (a 1-5 scale) for closed ended questions and a few optional open questions. The reason for this similar response scheme was to ensure that the difference in responses was not due to diverse methods of collecting data but rather from people's unlike opinions on the subject.

### **Data collection and analysis**

The survey was carried out to analyze how the 4p's marketing tools are effective in hospitality from the customer's point of view. Data was collected by sending out the questionnaires to respondents by email to participants abroad and others were personally handed by paper. While distributing the survey questionnaire, a survey cover letter was printed out accompanying the questionnaire as an invitation to the participants and to set the tone for the rest of the questionnaire. The questionnaire was then handed over to 25 respondents who were targeted based on prior experience purchasing into hotel services. 18 of the participants were able to successfully respond and return the questionnaire form in two weeks' time. The respondents consisted of 7 different nationalities; Finnish, Ugandan, British, Nepalese, Kenyan, French

and Russian. This was advantageous in ensuring that data collected was not based on limited views of people from specific backgrounds.

This quantitative method of collecting data was advantageous in that it did not incur any extra costs or loss of time as there was no need for any direct interviews or appointments to be made. After the data was collected, the information on different opinions related to the subject was written systematically to a Microsoft excel worksheet for processing. For each question category, a mean and standard deviation was calculated and eventually graphs and charts describing the results were created.

## 2 THEORETICAL BACKGROUND ON HOTEL MARKETING

This chapter shed light on the empirical literature and theoretical literature on the importance of a unique selling proposition; which is a marketing tool to identify several factors that affect consumer purchase decision. It also describes different conceptual frameworks and identifies the research topics.

### 2.1 Unique selling proposition (USP)

Blythe (2005), as cited in Bobrov (2016), has the following definition for Unique Selling proposition:

“contains the one feature of the product that most stands out as different from the competition, and is usually a feature that conveys unique benefits to the consumer.”

The chartered institute of marketing (2009) states that USP is one of the key tools of marketing that have stood the test of time.

Felix et al. (2012) studied how to make USP's beneficial to both advertisers and consumers. They defined USP as dramatically improving the positioning and marketability of the company and products by accomplishing following objectives:

1. Unique - It clearly sets you apart from your competition, positioning you the more logical choice
2. Selling - It persuades another to exchange money for a product or service.
3. Proposition - It is a proposal or offer suggested for acceptance.

### 2.2 Marketing mix

The marketing mix is one of the main concepts in modern marketing. As defined by Wikipedia from Marketing mix (2017), the Marketing mix is a set of marketing tools that companies use to pursue its marketing objectives in the target market. When a

company is making decisions on marketing they typically are related to four categories known as the 4 P's: product, price, place and promotion. According to Kotler and Armstrong (2004) the main idea of marketing is to influence and persuade the customers to buy and use the company's products or services. In order to attract customers, the companies use the four P's.

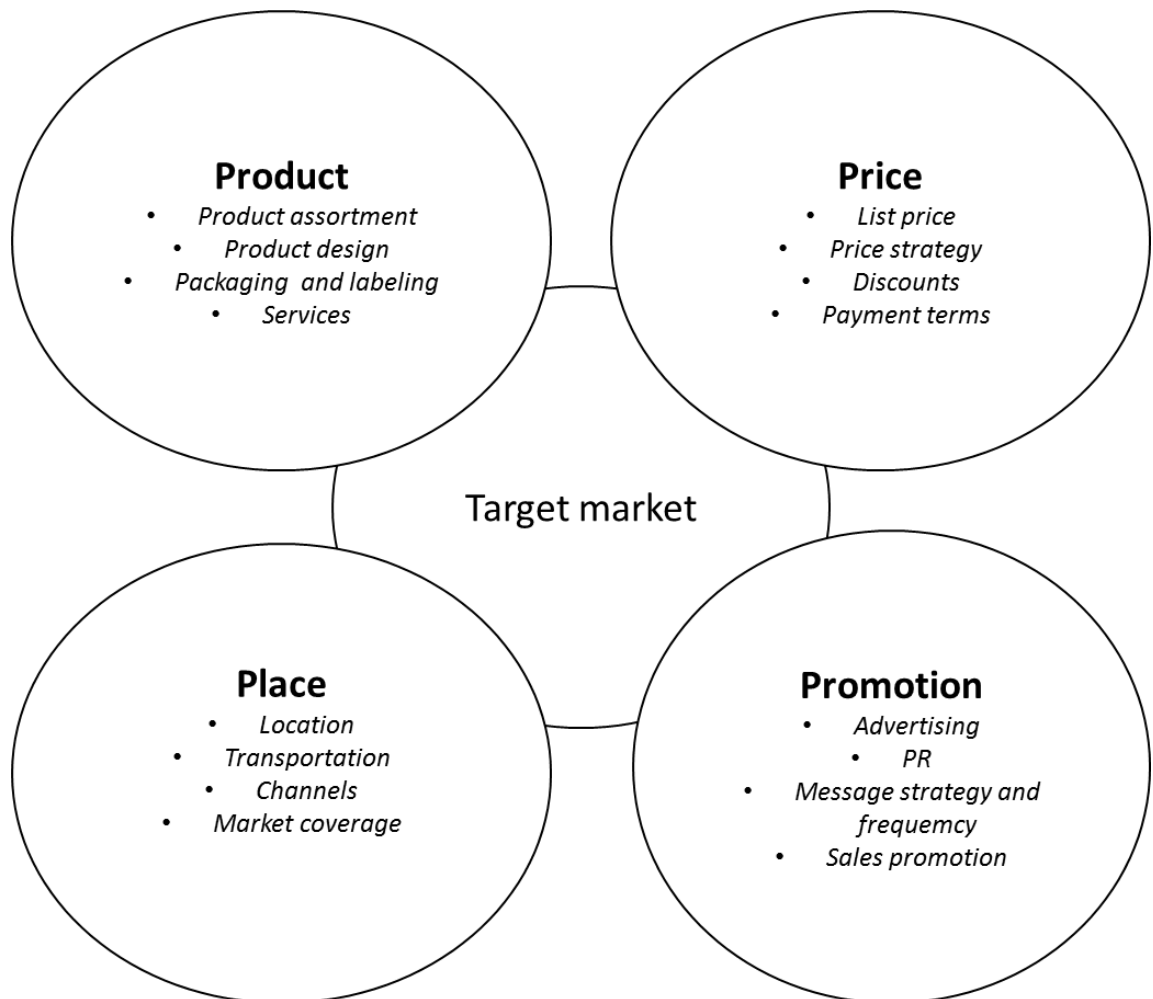


Figure 1: Marketing Mix adapted from Armstrong, G., Kotler, P., & Silva, G. d. (2006)

**product**

A product refers to an item that satisfies the consumer's needs or wants. Products may be tangible (goods) or intangible (services, ideas or experiences) (Needham, 1996). The products of the hospitality industry are primarily designed to satisfy the needs of travelers, either business or leisure.

**place**

Refers to providing customer access and in a convenient manner. In hospitality industry, the hotel's location is the main factor for visitors. The location of the hotel affects proximity of tourist attractions or other points of interest, the transportation options and accessibility of nearby locations. (Bowie & Buttle, 2004)

**promotion**

Promotion refers to marketing communications and may comprise elements such as: advertising, PR, direct marketing and sales promotion (Needham, 1996). A hotel can use different websites and magazines for advertisement (Bowie & Buttle, 2004). Hotel Brand also helps customers in identifying the hotel especially large hotel chains which have strong brands which affect customer behavior.

**price**

Price refers to the amount that a customer pays for a product. Price may also refer to the sacrifice consumers are prepared to make to acquire a product (e.g. time or effort). Price is the only variable that has implications for revenue. (Needham, 1996)

In hospitality industry the official advertised prices, discount rates and pricing in hotel broker sites are key factors to consider as far as pricing is concerned.

The different combinations of services a hotel provides define the total market concept for the hotel as consisting of five elements: facilities, service, price, location and image Medlik & Ingram (2000). The services that a hotel provides vary significantly. At the simplest, a hotel provides just a room to its clients. The elements of the hotel's marketing concept have different significance depending on the visitor's profile and reason for travel.



Figure 2: Hotel Marketing Concept Medlik, S., & Ingram H. (2000).

## **Location**

Hotel visitors start their purchasing process from selecting a location where they are selecting a hotel to stay in. To reflect the importance of location, it is located in the

middle of the above diagram and is considered the most important factor of a hotel. The more suitable the location, the more appealing the hotel is by default. Many factors such as proximity of tourist attractions, surroundings and mass transit options influence the attractiveness of the hotel's location.

## **Facilities**

Hotels provide a variety of facilities in addition to bedrooms. The facilities typically include different recreational facilities such as gyms, spa, swimming pools and outdoor facilities. Additionally, bars, restaurants, and meeting rooms are provided, especially in conference hotels. Depending on the type of the hotel, the facilities vary in type, number, size and decor. Different visitors have diverse needs and expectations from the hotel and its facilities, based on personal preferences as well as preferences depending on the reason of travel.

## **Services**

A hotel can have many different services such as concierge services, 24-hour desk, room service, transportation services, laundry services, and typically tourist information services are provided. Once again, the service portfolio depends on the type of the hotel.

## **Image**

Hotel's name, brand and aesthetics play an important part in the image of the hotels. In addition, all the other fundamentals of the marketing concept have impacts on the overall image (location, facilities and services)

## **price**

The price outlines the value of the hotel, and is affected by the other elements. The price should be well aligned with other elements to attract customers and ensure that customers are happy with the overall experience.

## 2.4 COMPARISON WITH THE MARKETING MIX

Hotel marketing concept can be thought of as a tailored marketing mix for the hotel industry as the elements are similar. Table 1. Compares the two frameworks. The main difference is that in marketing mix, image is a dimension of product dimension whereas image in the hotel marketing concept tends to fall out on its own because it consists of aesthetics.

Table 2: Comparison of frameworks: (marketing mix vs. hotel marketing concept)

Marketing mix	Hotel Marketing concept	Differences
Product (image)	Facilities Services	In marketing mix, image is a part of product dimension, in Hotel marketing concept image refers to aesthetics
Price	Price	
Place	Location	
Promotion	Image	Image is also affected by location.

## 3 EMPIRICAL LITERATURE ON CONSUMER PURCHASE DECISION

### DECISION

#### 3.1 Consumer purchase decision

Market Metrix (2013) is a study on consumer purchase decision in hospitality index. The study has indicative results on relative importance of the unique characteristics of a hotel. The study found that location is the most important factor, and pricing is second. Third is past experience. This study has a different research focus, as the focus is to identify within the 4P's which factors are relevant, and how relevant each factor is overall seen by customers.



Source:Marketmetrix, (2013)

Figure 3: Market Metrix in hospitality (consumer purchase decision). Market Metrix (2013)

### 3.2 Effects of hotel facilities on consumer purchase decision

Researcher Eliwa, conducted a study on customer loyalty and the image of the fine dining restaurant. He argued that “restaurant loyalty is the most important competitive survival tools for fine dining restaurants since loyal customers provide repeat business, higher market shares, referrals, and competitive merits. Understanding customers’ desires to attract, maintain, and satisfy those customers to maintain this continuous source of income is therefore important. The restaurant operators must understand the effect of both the customers’ level of satisfaction and the restaurant image on the customers’ loyalty. Therefore, the driving force for each component of the customer loyalty should be investigated. Customers may differ in the way they become loyal to a restaurant; for some customers, restaurant image may be of importance, whereas for others quality of service and food are of more importance. The outcome of the study regarding the customer’s satisfaction level and the image attributes could help the operators of the fine dining restaurant operators to develop customers’ loyalty.” (Eliwa, 2006)

### 3.3 Effects of image on consumer purchasing decision

Image is represented by Medlik & Ingram (2000) as being defined by hotel brand, promotion and aesthetics.

According to Borden (1984), promotion is defined as public relations, direct marketing, sales promotion, advertising and personal selling. Danaher et al. (1998) define promotion as a decision on how best to introduce the product to the target market and influence the market to buy the product. Behera (2008) states that promotion includes diverse ways of communicating the hotels offerings to customers. As cited by Williams (2010), John (2007) defines promotion as information that encourages customers to a make buying decision of a product or service available in the market. Armstrong & Kotler (2009) structures promotion as a marketing mix with five components, which are advertising, sale promotion, publicity & public relations and personal selling. According to Ogeniy (2009) promotions usually develop an interest in the customers for purchasing a product or service that is available in the

market. The company or organization uses promotion tools to convince people to buy products.

Klepsch and Schneider (2012) studied the influence of sustainable hotel practices on consumer buying decision. The study concluded that price is the main factor influencing the decision, but that sustainable practices have surpassed the star-rating system in influencing consumer buying decision. Thus, also sustainability should be considered while developing a hotel's image.

### 3.4 Effects of service quality on customer purchasing decision

Watiki (2014) conducted a research to measure the influence of service quality to satisfying consumer needs in hotels in Nairobi, Kenya. The research utilized, descriptive statistics to express the relationship between the five service quality variables as perceived by the customers. The results achieved in the study were indicative that service quality was strongly correlated with customer satisfaction and the higher the service quality, the higher the customer satisfaction. The results further indicated that reliability was the strongest aspect contributing most towards customer satisfaction followed by Empathy, Tangibles and Responsiveness. It was also established that service quality has a statistically significant effect on customer satisfaction. According to the study, service quality contributes 74.2% of customer satisfaction while the other factors contribute 25.8%.

Tsiotsou (2006) conducted a study on the impact of perceived product quality and overall satisfaction on purchasing intentions. The study utilized sport shoes as the product subject of examination. The sample of the study consisted of 197 student participants of the survey questionnaire. From the hypotheses that were tested, the data confirmed that; Perceived quality had both direct and indirect impact on customer's intention to make a purchase, Overall satisfaction had a direct effect on purchase intentions and involvement had an indirect effect on purchase intentions through overall satisfaction and perceived quality.

Murasiranwa et al. (2011) Studied hotel service quality and business performance in five hotels belonging to a UK Hotel Chain. The results in this study suggested that service and quality are sacrificed at the altar of profits as senior managers appear to hope for quality but reward financial performance. Overall the study determined that the quality aspect remains largely attractive to the hotel industry, and therefore service quality is a vital factor to consider ensuring customer purchase decision and satisfaction.

Jansinkas (2016) studied the impact of hotel service quality on the loyalty of customers. The research discovered that the impact of hotel services' quality on customer loyalty was positive: customers highly evaluating service quality were more loyal, tended to use the hotel services repeatedly and recommend it to friends and acquaintances.

### 3.5 Effects of unique pricing on customer purchasing decision

According to Kenesei and Todd (2003) price awareness is often measured by price knowledge. The study provided a broader view of price awareness using three distinct factors, price knowledge, price search in the store and price search between stores, a methodology that was developed by Dickson and Sawyer (2001). Results from the study showed that price awareness of supermarket customer's in Hungary are relatively high and they are much more aware of prices and less aware of promotions. The study found it interesting in that the demographic factors have no relevant relationship with any price awareness concept. Price awareness was measured by checking the ability of recalling prices immediately after selection, observation and questions concerning search of price information in the store, and habits of comparing prices between stores. These three factors showed a very strong relationship in the product categories investigated.

Price as an element of the marketing mix requires special attention. One of the reasons was that the price, unlike other marketing elements, have an effect on the income of consumers. The company as a legal entity must determine the goals that

were to be achieved before determining the price. Taking into account the goals set by each company, the next upgrade was the pricing policy. Each policy has its merits and demerits, and with the combination of different policies and knowledge of the existing market situation, the company could make profit. Although, traditionally customer's purchase decision mostly depended on price, the conducted research has shown how important element for purchasing decision was price and how it could have affected the company. The results also revealed how non-price elements have been gaining significance in purchasing decision over the past decades and that customers always follow the activities of company related to price and that they will continue to follow them. Therefore, companies must always keep in mind that consumers are the ones who should be in the center of their attention and that should always bear in mind their wishes, needs and preferences, but also their possibilities.

### 3.6 Effects of location on customer purchasing decision

In the marketing mix the key element of location is place. It is defined as being a set of interdependent organizations that caters to the process of making a product available to consumers. (Armstrong & Kotler, 2006: 14) Place can also be described as availability of a product/service, where availability is defined as how the product is located in the market, or how frequently the product can be found by consumers (Williams, 2010:14). Good characteristics for the place include availability of transit options (e.g. bus station, railway station or proximity to city Centre) with which the tourists can transit conveniently. Location is also highly dependent on the nature of travel. McKercher et al. (2011) studied the hotel location's effect on tourist movements in travel destinations by tracking 557 tourists with GPS. The study concluded that hotel location has a significant effect on where tourists move in the destination, and also indicated that hotel location is therefore significant factor for customers.

## 4 RESEARCH RESULTS

### 4.1 Demographic characteristics

#### **Gender of the respondents**

The gender distribution of respondents is shown in figure 4 below, 39% percent of respondents were male and 61 % female.

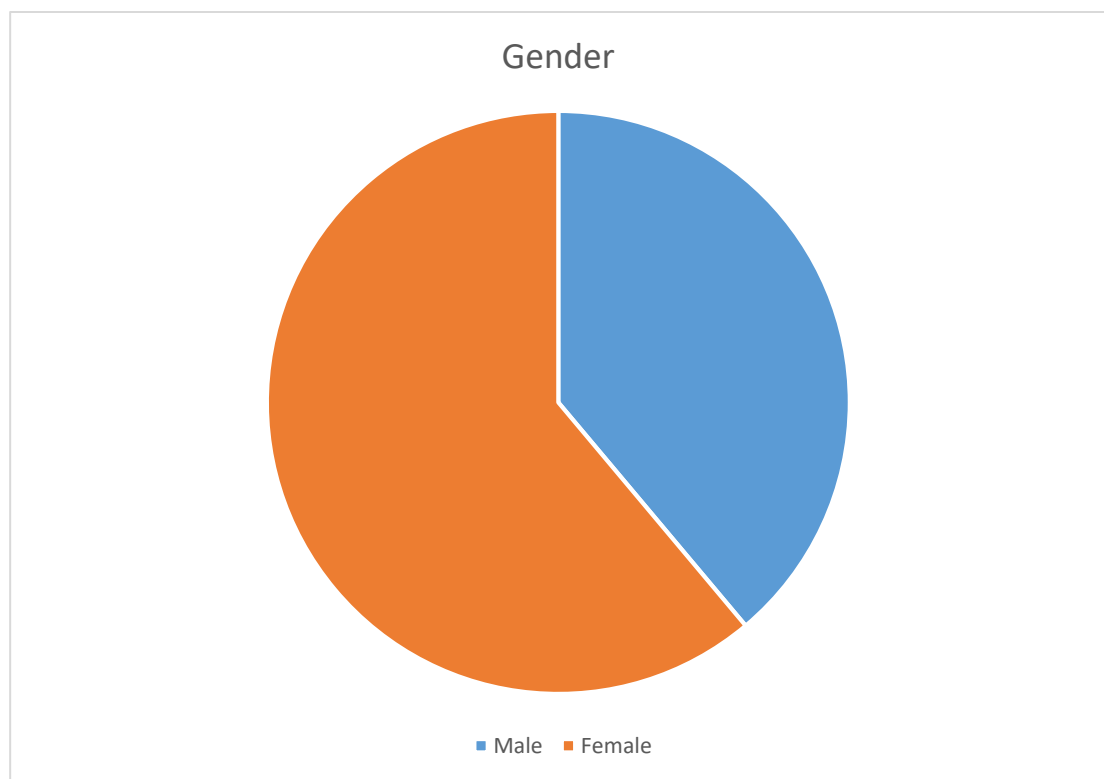


Figure 4: Gender of the respondents

## Age of the respondents

The age range of respondents vary, however 51 % of respondents were between 35-45 years of age. No respondents who were younger than 18 years or over 55 years of age were in the target group. The age distribution of respondents is described in figure 5 below.

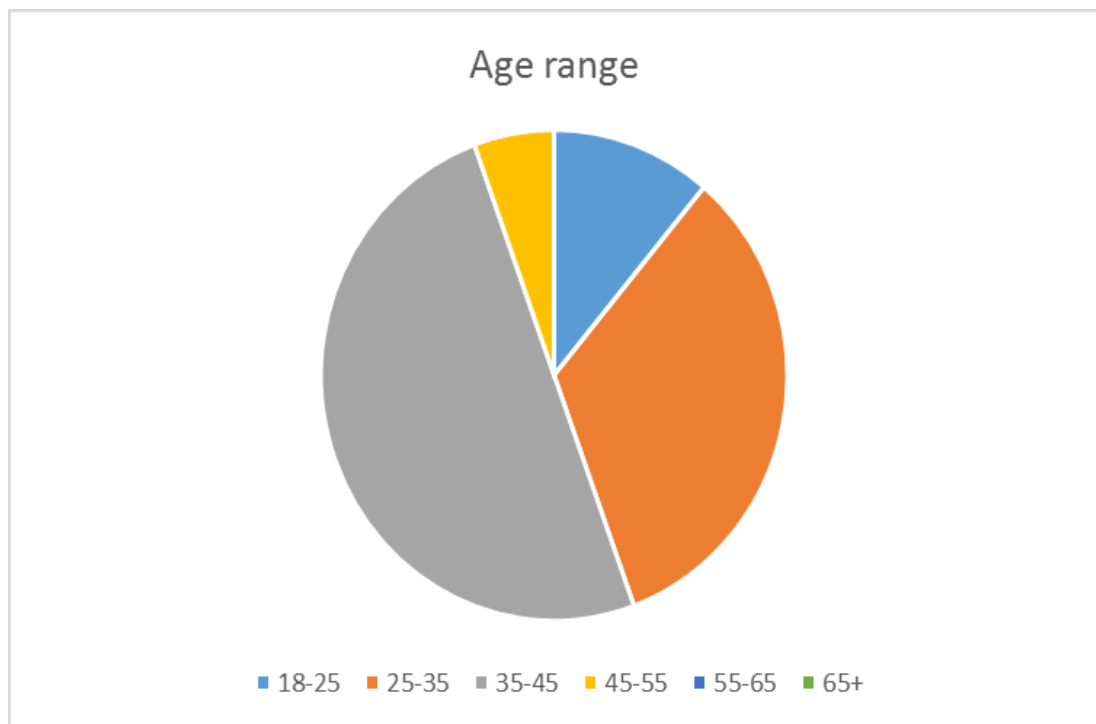


Figure 5: Age range of the respondents

## Frequency of hotel visit

The frequency of visits varied in the target group. Figure 6 describes the frequency of visits of respondents. Majority of respondents visits hotels 1-6 times in a year.

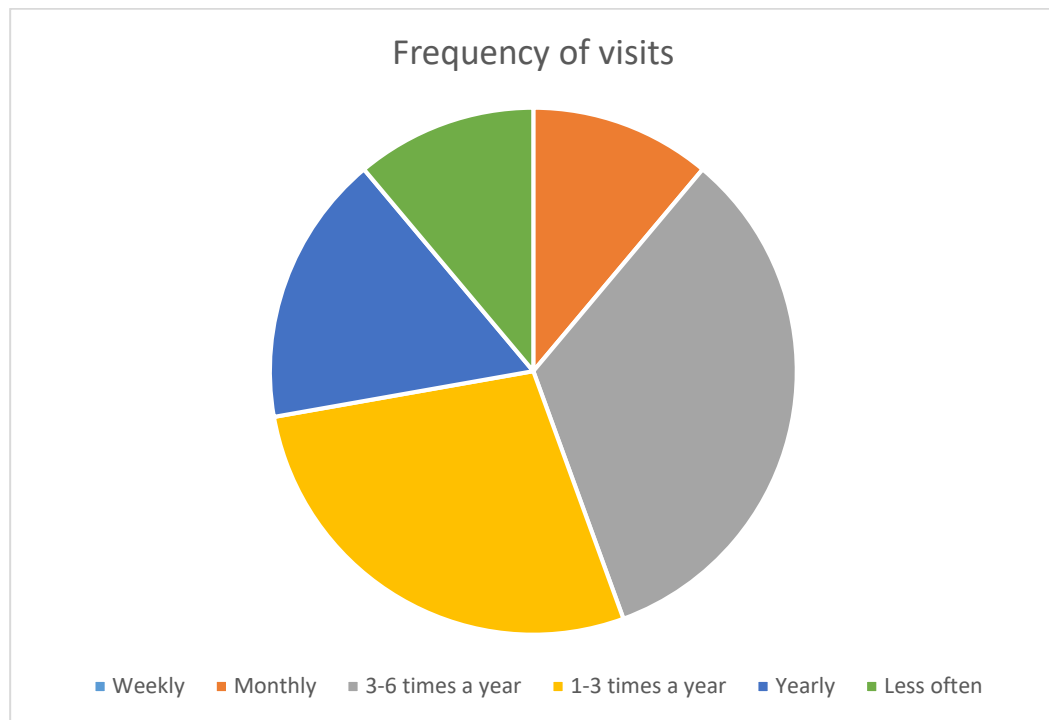


Figure 6: Frequency of hotel visits of the respondents

## Education

Education level was asked but this was not a multiple-choice question. Respondents answers were not comparable, and the level of education. The respondents did include profiles from Master level, bachelor level but in many cases the education level was not specified. Overall the target group consisted of all levels of education.

### 4.2 Descriptive statistics

## Product

According to McCarthy (1975) cited by Van (2011), Products apply to both physical products and services. In the hotel industry, products refer to the services, food and the facilities offered. According to marketing theory, the marketers can use the products to influence the decisions of potential customers. Products are the benefits that satisfy the needs of customers (Kumar, 2010). This similar theory applies to the hotel

businesses whereby customers consider the products before making a decision of which hotel to visit.

In this study, the product quality element consists of hotel facilities, service quality and aesthetics. The study revealed that the main consideration in product selection is the service quality. Clients of the hotel pay a lot of attention to the treatment they receive while at the hotel such as customer service, housekeeping and room service, the efficiency and speed of services offered, waiting time etc.

In this study, the product was defined to consist of three elements: service quality, aesthetics and facilities. These in turn consist of several sub categories described below in figures 7,8 and 9.

Figure 7 below describes average values of the respondents for service quality. The ratings were overall high, room service and concierge service were deemed less important than other elements of service quality.

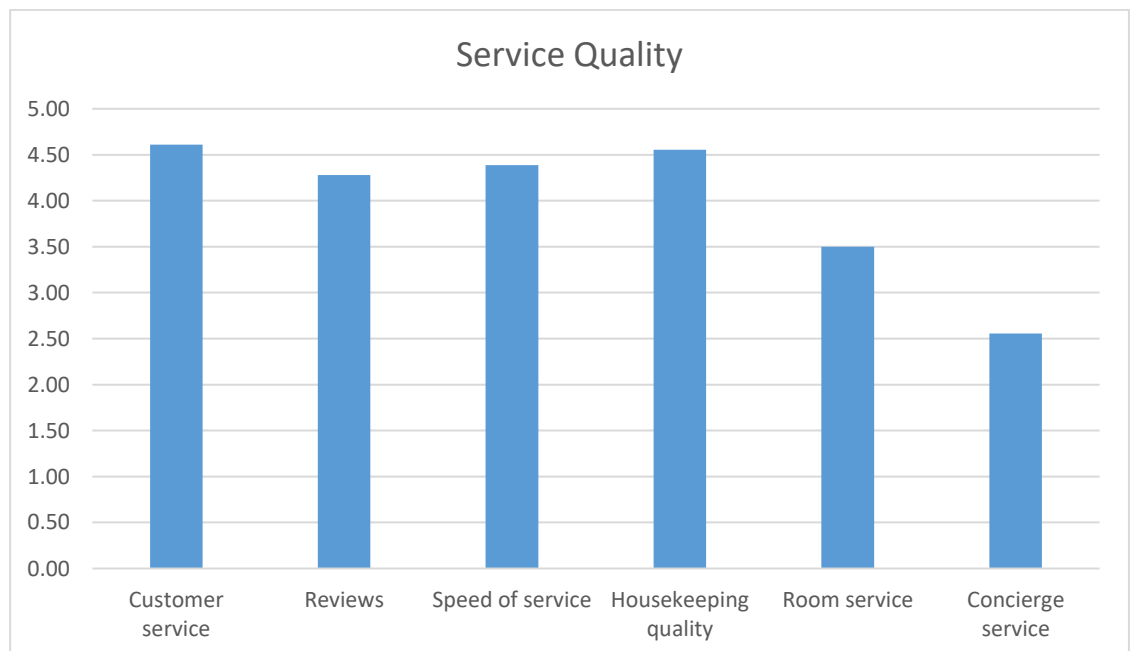


Figure 7: Service quality mean ratings

Table 3 below shows that standard deviation for the elements that were considered least important (room service and concierge service).

Table 3: Service quality mean and standard deviation

Service Quality	Mean	Standard deviation
Customer service	4,61	0,78
Reviews	4,28	0,75
Speed of service	4,39	0,85
Housekeeping quality	4,56	0,78
Room service	3,50	1,20
Concierge service	2,56	1,34

The availability of a variety of facilities and the room quality also affects the choice of hotel as clients have varied wishes for the variety amenities offered (Figure 8). While some of the customers may put heavy considerations in facilities such as fine dining, availability of spa's and exercising premises, others may only be keen on room quality and comfortable premises like quality beds, bathrooms, availability of television and entertainment, desk tables and other personalized items such as hair dryers, safety boxes and vanity kits. Overall the results illustrate that fine dining was considered to be the most significant hotel facility by the respondents.

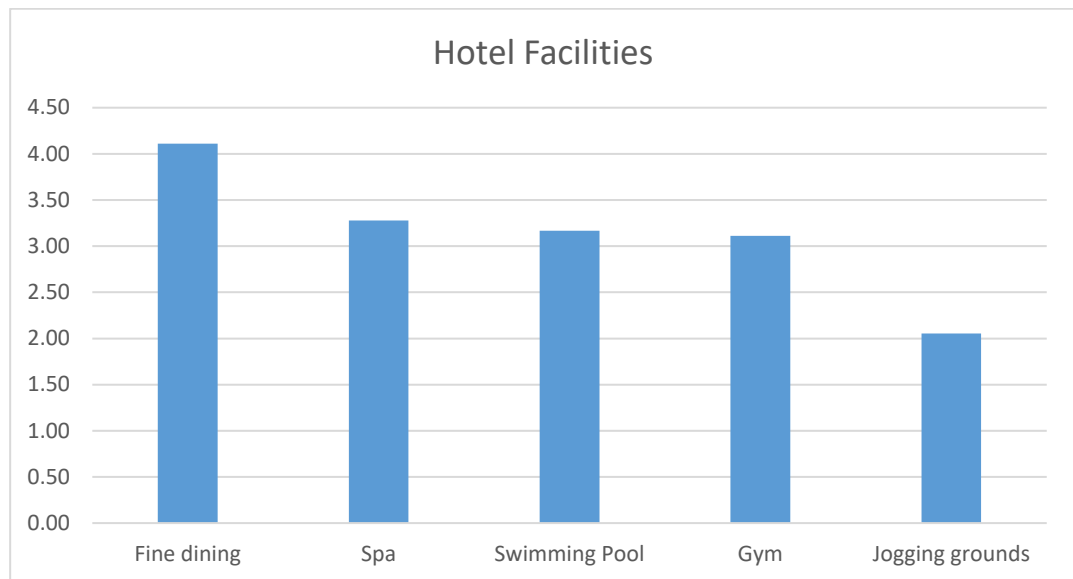


Figure 8: Hotel facilities mean ratings

Table 4 below shows the standard deviation for each category. Especially the importance of availability of gym has a high standard deviation, which could indicate that physically active visitors see it as an important category, and others don't.

Table 4: Hotel Facilities mean and standard deviation

Hotel Facilities	Mean	Standard Deviation
Fine dining	4,11	0,96
Spa	3,28	1,13
Swimming Pool	3,17	1,42
Gym	3,11	1,71

Figure 9 describes the importance of room quality. Most important factors in room quality for the respondents were wi-fi quality and bed quality. These both also had very low standard deviation (table 5), which indicates that these features were important for all respondents.

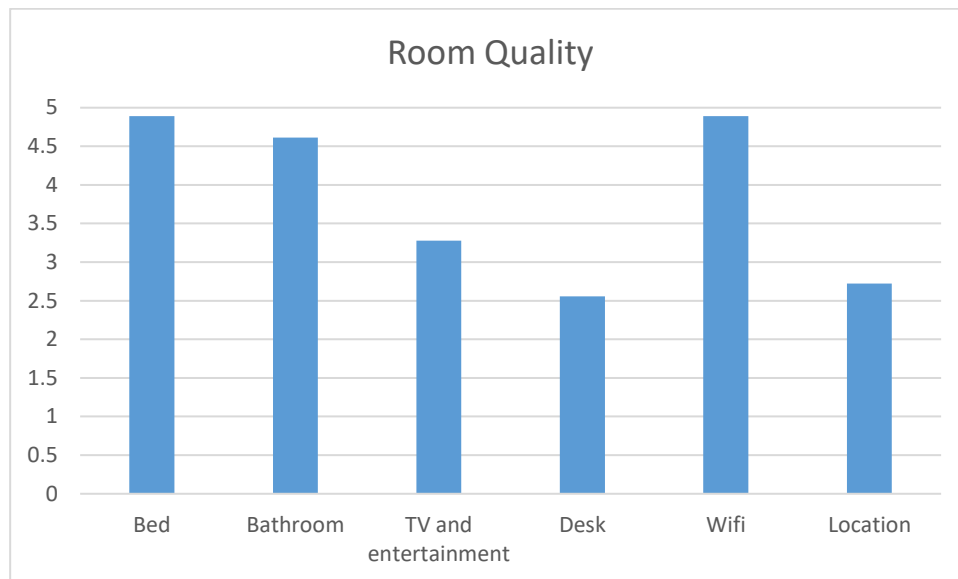


Figure 9: Room quality mean ratings

Table 5: Room Quality mean and standard deviation

Room Quality	Mean	Standard deviation
Bed	4,89	0,32
Bathroom	4,61	0,85
TV and entertainment	3,28	1,18
Desk	2,56	1,42
Wifi	4,89	0,32
Location	2,72	1,07

The customers buying to the hotels also consider the aesthetic value of the premises before making their decisions (figure 10). Many make decisions based on how appealing it is to be at a hotel premises. The overall ambience and decor such as wall art, colors and good lighting are an influence on some people's taste of hotel premises as well as the room and public facilities design. When it comes to hotel aesthetics the preferences according to the respondents of this study, are quite diverse in that the standard deviation was quite high (table 6). Some clients may have values of

the hotel architecture and the view from hotel room while others may not bother about any of the aesthetic features at all.

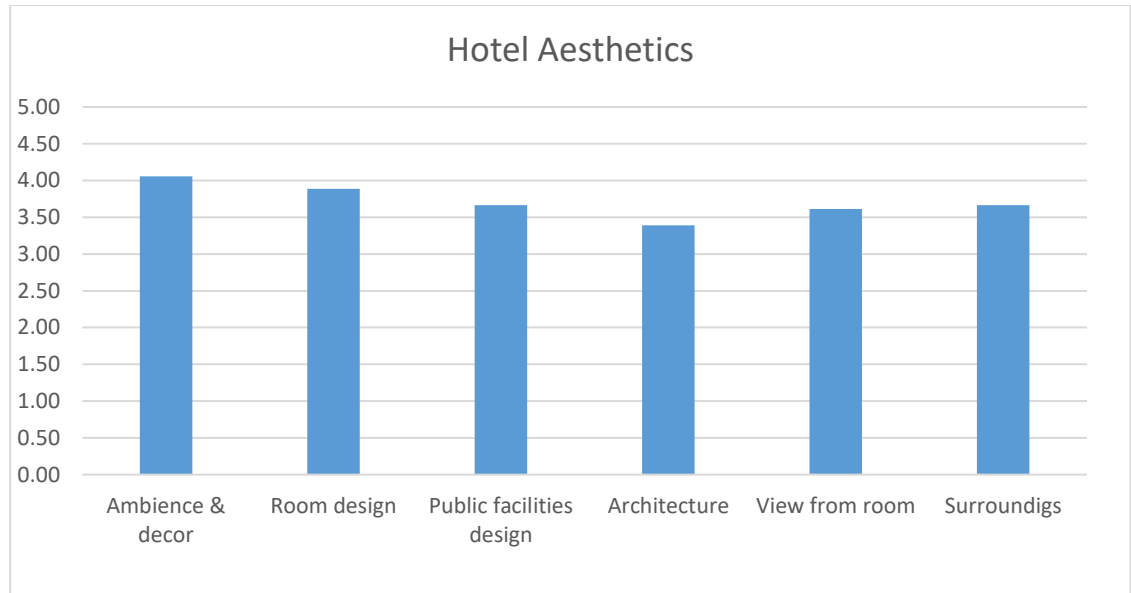


Figure 10: Hotel Aesthetics mean ratings

Table 6: Hotel Aesthetics mean and standard deviation

Hotel aesthetics	Mean	Standard deviation
Ambience & decor	4,06	0,94
Room design	3,89	1,13
Public facilities design	3,67	1,19
Architecture	3,39	1,20
View from room	3,61	1,24

## Price

From the analysis of the results in the study, price is one of the key elements that the clients consider while deciding to purchase. The prices are the exchange value that the clients give for the products and services (Kumar, 2010). The prices offered in the hotels highly influences the decision of the customers. Most of the clients looking to

buy into hotels consider the price per night as one of the primary elements in making their purchase decision as well as availability of a free Wi-fi connection (Figure 11). Comparison of the prices becomes easier with the use of booking websites that most of the clients prefer to use. On these websites, other price offers may also be listed such as breakfast included in room price as well as other additional services. Potential customers search for favorable prices that limit their expenses while offering the best services. The hotel Facilities that provide high-quality hospitality charge a higher price in most cases and may target specific customers.



Figure 11: Pricing mean ratings

Table 7 below describes the numerical values for mean and standard deviation. It is notable that additional services have high standard deviation as compared to other factors. This could be partly due to undefined explanation of additional services which in turn may affect how respondents reacted to the question.

Table 7: Pricing mean and standard deviation

Pricing	Mean	Standard deviation
Cost per night	4,61	0,61
Additional services	3,22	1,44
Free wifi	4,72	0,75
Breakfast	4,33	1,03

In summary, the hotel industry can use the prices of their services to determine the decisions of the potential customers. Hotels should ensure that the price values are viable. The marketing team can implement the pricing strategy by setting prices of the facilities in ways that influence the decision of the customer while choosing where to stay.

## Place

The place/location of the facilities is another factor that influences the decision of the customers while choosing the hotels. Marketing of the products while considering the location ensures that the services or goods are available to the customers when they need them (Kotler, 2004). Availing the products to customers is part of the strategy.

Customers have various preferences for location of the facilities. From the results of this study, nearness of the hotel to the city center is one of the primary factors that the customers consider (Figure 12). They also prefer areas where they can access mass transit such as local buses and trains to go to nearby places. The proximity to other areas of interest e.g. tourist attractions, beach etc, is also important to some of the customers while choosing the hotel which may also be dependent on the purpose of the hotel visit. In the open question part of the research survey, many of the

respondents stated importance of other location aspects such as security and safety of the hotel, availability of a car park, and quietness of the neighborhood, nearby shopping centers and hospital facility as well as nearness to the main road.

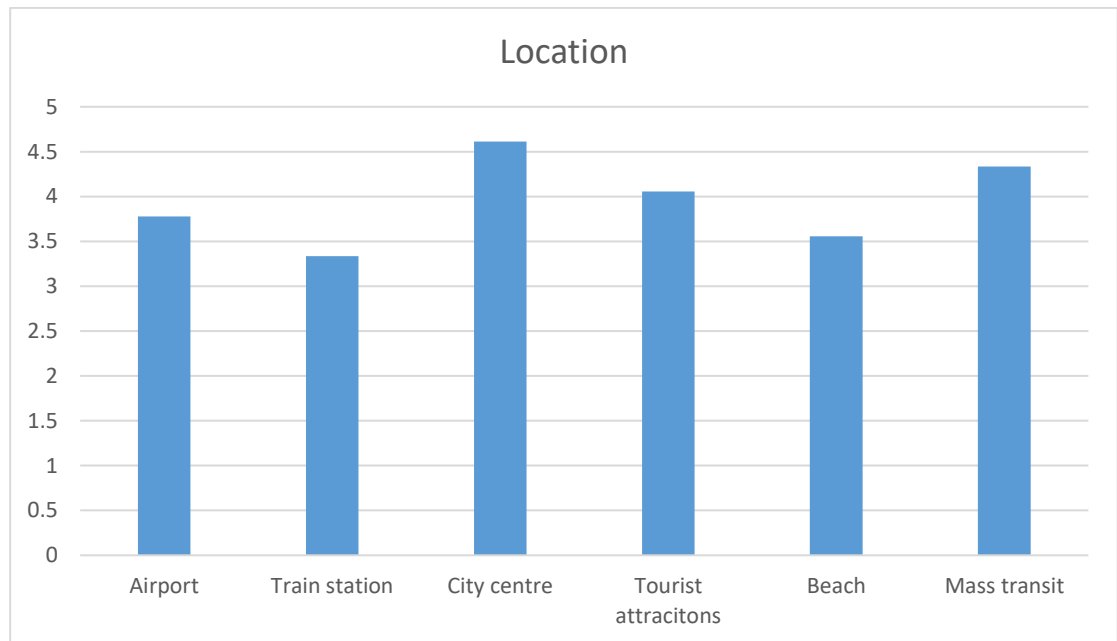


Figure 12: Location mean ratings

The standard deviation in table 8 shows that respondents were consistent in their responses related to nearness of city center and tourist attractions. Other elements of the location studied in the research had higher standard deviation indicating more diverse opinions of respondents. Therefore, based on this research, in order to have an attracting location the hotel should focus on nearness of city Centre, tourist attractions and mass transit in order to optimize the value of location.

Table 8: Location mean and standard deviation

Location	Mean	Standard deviation
Airport	3,78	1,40
Train station	3,33	1,50
City centre	4,61	0,50
Tourist attractions	4,06	0,73
Beach	3,56	1,29
Mass transit	4,33	1,03

## Promotion

Promotion is the final elements of 4Ps in marketing. It is the communication with potential and existing clients as a way of ensuring that they buy products and services (Kotler, 2004). Promotion can also aim at making the customers come back for similar services or refer other people to the experience. Using promotion in marketing require the marketers to present the products in an appealing package. Examples of the promotion strategies that may be used in hotels are such as membership and discount rates, group discounts, seasonal and holiday packages, events, loyalty programs etc. This sort of aspects significantly influences the decision of the customers into purchasing.

The marketers can show the variety of services offered through advertisements whereby potential clients learn about the available services and price offers. Clients in the hotel industry in most cases end up visiting the same hotels and become loyal if the promoted products live up to their expectations. While promotion may manage to woo some hotel guests, others prefer to pay attention to the hotel brand to purchase from what is of value and known to them.

In this study promotion was researched by asking respondents their view of the importance of membership and brand in their purchase decision. Both categories received lower score from respondents as compared to other elements of the marketing mix.

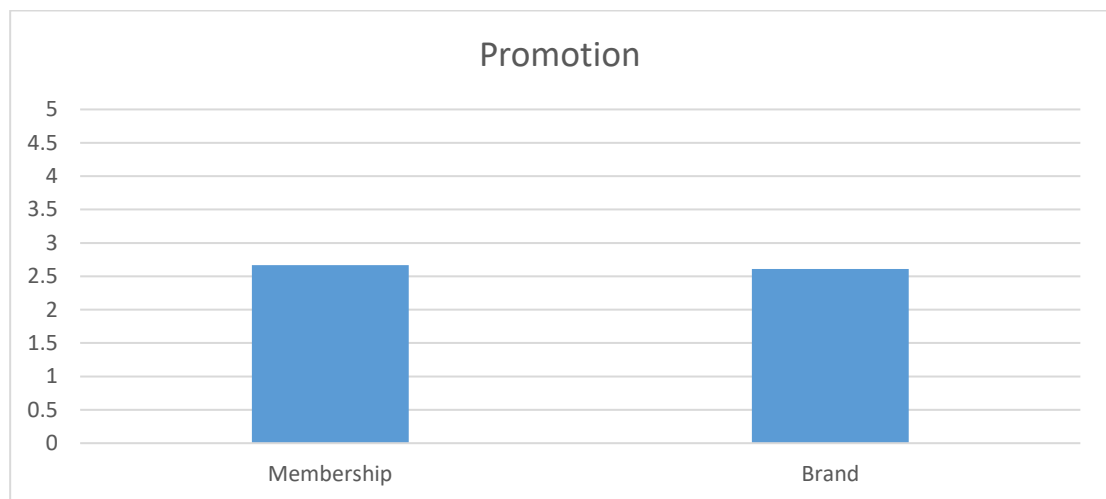


Figure 13: Promotion mean ratings

The standard deviation was fairly high for the importance of both membership and brand, which indicates that different respondents value the elements in a different way (Table 9). Overall, promotion turned out to be the least important factor of all the other essentials of the marketing mix as considered by respondents, and thus it should not be the main focus of a hotels marketing mix based on this research.

Table 9: Promotion mean and standard deviation

Promotion	Mean	Standard deviation
Brand	2,67	1,61
Membership	2,61	1,29

## 5 CONCLUSION

The purpose of the study was to analyze how the 4Ps in marketing of a hotel influences the consumer's purchase decision. Overall the outcomes of the research are aligned with other studies in the field. The results of the study show that price and place are the crucial factors influencing the consumer buying decision. The product's features, which in this study were related to hotel facilities, aesthetics and service quality, were the second most key factors, with relatively similar importance across these subcategories. Promotion was perceived to be the least important for consumers.

The conclusion of this study is that hotel's marketing managers and teams should primarily emphasize price and location in their marketing mix and marketing communications. This does not mean that product quality should be overlooked, instead the message is that product quality should meet expectations but it is not the main factor in marketing mix. Promotion activities were not in the focus of the study, but results indicate that consumers do not perceive promotion as important as the other elements of the marketing mix.

### 5.1 Discussion

#### **Limitations of the study**

The study gives overall fairly good overview of consumer's perception of the various factors' which result to purchase decision. However, several limitations of the study were identified. Firstly, overall the language in the field is not very standardized or clearly defined, the different concepts have different definitions and this certainly affects how people understand the distinct factors. This is reflected in this study especially through the questionnaire. The questions may be understood by different people in separate ways and are certainly not exact. Since questionnaires are not necessarily understood entirely similarly by all respondents, results may not be too accu-

rate. In addition, people have different biases on responding to scales (e.g. some people respond systematically and end up giving varied scales than others give). A larger sample population might even out the differences, and give more reliability to the study. As the sample size of this study was low (18 respondents), it may have had some impact on results.

Another possible limitation of the study is the reliability of the consumer in analyzing their own purchase decision. Consumers do not act entirely rationally and might over- or underestimate the effects of some factors. Especially promotion and image related factors might influence the consumer's buying decision subconsciously, and therefore the respondents might give lower scores to factors affecting their behavior subconsciously. Many factors could be affected subconsciously, for example a consumer might be of the opinion that only location and price would matter, but could still end up booking a more expensive hotel from a bad location just because the brand is well-known and the pictures on the booking site look nice.

### **Future ideas**

The results of the study provide interesting insight into consumer purchasing decisions. However, the results are quite generic, as the study did not analyze demographic factors (gender, age, nationality, education level and profession) and how they influence the purchasing decision. Also, other factors such as reason for traveling and consumer's choice of hotel type might affect purchase decisions e.g. Tourists who book five-star hotels might for example have different preferences regarding the hotel's characteristics than budget travelers. The research did not also evaluate the relative importance of the characteristics, i.e. how consumers perceive the dimensions of product, price place and promotion relative to each other. The questionnaire had diverse types of questions for each category, and the average values do give an indicative idea on the relative importance. However, the questions are not comparable and thus the results cannot be considered to be exact. The questionnaire could be developed further to also gather information about how consumers see each aspect comparatively.

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## 7 APPENDICES

### **Appendix 1.**

#### **Survey Letter of Introduction**

February 2014,

Dear Participant,

My name is Diana Joy Wangui Nganga and I am enrolled for the Degree program in Facility Management at JAMK University of Applied Sciences. I am currently in the process of conducting my final research thesis. The purpose of my research is to determine what kind of marketing tools influences customers to buy and use services offered in the hospitality industry.

The enclosed questionnaire has been designed to collect information on the importance of Price, Location, Promotion and Product/image while planning a hotel visit.

Filling the questionnaire will require approximately 7 minutes and your participation of this research is voluntary. If you choose to participate in this project, please answer all questions as honestly as possible and return the answered questionnaire by email or in person. Any additional information or clarification needed can be made clear upon request.

I appreciate you taking the time to participate in this process as I proceed toward my educational goals.

## Appendix 2.

### Survey Questionnaire

#### Survey on importance of different aspects of a hotel while making a purchase decision

##### Respondent background information

Gender	
Age	
Profession	
Education	
Nationality	
How often do you visit hotels	

Each question has a scale from 1 (not important) 2 (not very important) 3 (neutral) 4 (quite important) 5 (very important). Answer the questions from the perspective of a consumer i.e. when you are making the purchase decision by yourself

##### Question series 1 Hotel facilities

- How important is availability of fine dining in hotel premises?

1                      2                      3                      4                      5

- How important is the availability of spa facilities?

1                      2                      3                      4                      5

- How important is the availability of a swimming pool?

1                      2                      3                      4                      5

- How important is the availability of a gym?

1            2            3            4            5

- How important is the availability of jogging grounds?

1            2            3            4            5

- What is the importance of the following room facilities?

Bed quality	1	2	3	4	5
Bathroom quality	1	2	3	4	5
TV / Entertainment system	1	2	3	4	5
Living room / Desk	1	2	3	4	5
Quality of Wifi	1	2	3	4	5
Location of the room in the hotel (floor, accessibility)	1	2	3	4	5

What other room features or hotel facilities are important to you and why?

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### Question series 2 Hotel aesthetics

- How important is the overall ambience and decor of the hotel?

1            2            3            4            5

- How important is the room interior design?

1            2            3            4            5

- How important is the aesthetic design of the lobby and public facilities?

1            2            3            4            5

- How important is how the the hotel looks from outside (exterior design / architecture)?

1            2            3            4            5

- How important is the view from your room?

1            2            3            4            5

- How important are the surroundings of the hotel? (e.g. nature, parks)

1            2            3            4            5

What other aesthetic features of the hotel are important to you and why?

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### Question series 3 Pricing, brand and booking

- How important is the cost of a room per night?

1            2            3            4            5

- How important is pricing of additional services (e.g. laundry, transportation)?

1            2            3            4            5

- How important is the availability of free wifi?

1            2            3            4            5

- How important are group discounts and membership?

1            2            3            4            5

- How important is the inclusion of breakfast in the hotel room price?

1            2            3            4            5

- How important is the brand of the hotel?

1            2            3            4            5

Where do you usually book your hotel from (directly from the hotel, booking web sites)?

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What other qualities related to price are important to you in your purchase decision and why?

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**Question series 4 Service quality**

- What is the importance of customer service quality?

1                      2                      3                      4                      5

- What is the service experience of earlier visitors and hotel reviews?

1                      2                      3                      4                      5

- Speed of service (how long time to process, how long to wait)?

1                      2                      3                      4                      5

- How important is the quality of housekeeping?

1                      2                      3                      4                      5

- How important is the room service?

1                      2                      3                      4                      5

- How important is the concierge service?

1                      2                      3                      4                      5

What other services or service quality related properties of the hotel are important to your purchase decision and why? (optional)

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**Question series 5 Location impact on customer purchase decision?**

– How important is the proximity of following to the hotel?

1) Airport

1                      2                      3                      4                      5

2) Train station

1                      2                      3                      4                      5

3) City centre

1                      2                      3                      4                      5

4) Proximity of major tourist attractions

1                      2                      3                      4                      5

5) Beach

1                      2                      3                      4                      5

6) Local mass transit access (bus, train, metro)

1                      2                      3

What other location related properties of the hotel are important to your purchase decision and why (e.g. safety,)

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