A NEW STRATEGIC MARKETING PLAN FOR A HOTEL

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ABSTRACT

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The aim of the bachelor's thesis was to analyse the current situation in the small seacoast Italian hotel "Acquasanta" and to create a new strategic marketing plan which is able to solve current problems, fill out gaps and lead to more successful competitive business.

Having had a varied experience of working in the hotel field, the newly devised marketing plan is based on personal experiences, theoretical framework and research results. The theoretical framework of the thesis contains information relating to marketing and marketing analyses in general and specifically in the hospitality industry. Especially experiences of working at the Hotel "Acquasanta" during the summer season 2013 have been taken into consideration.

The current marketing situation was analyzed precisely. SWOT and PESTEL analyses were undertaken as well as target group and competitor analyses. The hotel was evaluated by taking two internal categories such as strengths and weaknesses and relating them against two external categories - opportunities and threats. To get a multifaceted view of the current situation, a customer satisfaction questionnaire was devised and circulated among hotel guests. The results of the questionnaire research were analysed by using a software program and the data were graphically formulated and generated. In addition to these measures, the hotel management interview was conducted to help further to clarify any vagueness or unique issues.

Based on this marketing research a new marketing strategy was developed. Both marketing and additional communication strategy mixes were updated taking into consideration known existing and subsequent shortcomings. Focus was not paid on the budgeting of the marketing plan at the request of hotel management during this process. Seemingly the hotel management envisaged that the creative proposals would result in a fresh thinking and innovative marketing plan.

The resulting marketing proposals are scheduled for implementation during the next touristic season 2014. Implementation of the new strategy is a mix of dynamic and long term processes. During the implementation of the roll out process it will be very important to keep an eye on any changing external and specific market factors such as economic trend shifting, fashion shifts in tourism generally and regionally and even global and regional political events.

Key words: marketing, marketing plan, services marketing, hotel, marketing mix, marketing communications mix

CONTENTS

1 INTRODUCTION

The aim of the bachelor's thesis was to analyse the current situation in the small seacoast Italian hotel and to create a new strategic marketing plan, which is able to solve current problems, fill out gaps and lead to more successful competitive business.

The author of the thesis has had several experiences of working in the hotel field so the idea was to create a new marketing plan based on the personal experiences, theoretical framework and research results. The author had a chance to work in the Hotel Acquasanta during the summer season 2013. Hotel Acquasanta is situated in Italy in the small town on the Tyrrhenian Seacoast.

The theoretical framework of the thesis contains information about marketing and marketing analyses in general and specifically in the hospitality industry.

The empirical part is based on the survey among the customers, the interview of the hotel manager, observations conducted by the author of the thesis, analyses of the website, comments on the travelling portals and analyses of the existing statistical data.

SWOT and PESTEL analyses were used as tools to create a clear picture of the current situation and to define basic milestones for the new marketing strategy.

Beforehand it was possible to claim that generally hotel Acquasanta provides good qualified services although there are some shortcomings which could be improved.

2   THEORETICAL FRAMEWORK

2.1   Marketing concepts

Any conceptual definition of a business discipline is a limited abstraction of values, techniques and practices which are the focus of its activity, although no single definition can be comprehensive enough to describe the true essence or complexity of marketing.

2.1.1   Definition of marketing and marketing strategies

Philip Kotler has established himself as the most widely referenced proponent of general marketing history. According to Philip Kotler, marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others. For him marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value. (Kotler & Armstrong 2004, 5-7.)

In 1984 the British Chartered Institute of Marketing defined marketing as "The management process responsible for identifying, anticipating and satisfying customer requirements profitably". The following definitions were approved by the American Marketing Association Board of Directors: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (American Marketing Association.)

The most import aspect in the marketing definition is the emphasis placed on the consumer's needs as the origin of all of the organization's effort.

2.1.2 Services marketing

Tourism can be traced back for centuries but the elements of the product and conditions of the market place have changed so enormously in the last few decades that this led to adoption and use of tourism marketing. Marketing is a relatively new phenomenon. The use of the word marketing in the early stages was associated with a number of actions that were loosely related to the activity of achieving sales rather than marketing. Marketing is initially a philosophy that relies on the act and science of different managerial approaches. (Cooper et al. 2005, 550-555.)

In the hospitality industry we are dealing with service product, which has specific characteristics that set the product apart from more general goods sold in the marketplace. An understanding of the complexity of the service product concept is an essential prerequisite for successful tourism marketing.

Service product has special features in comparison with the regular goods. Service product has the characteristic of intangibility which means it cannot be easily evaluated or demonstrated in advance of its purchase.

The characteristic of perishability means that service products such as tourism, unlike goods, cannot be stored for a sale on the future occasion. This leads to the high-risk nature of the tourism industry. Marketers in the tourism and hospitality sector have to devise complex pricing and promotion policies in an attempt to sell "off-season" periods and to create greater synchronization of staffing levels and supply to match demand patterns.

Service products are often referred to as being inseparable which means that the product is often consumed and produced simultaneously. This means that both the service provider and customer are present when the service function occurs. There is less opportunity to manage and pre-check qualities of the hospitality product. This characteristics could be defined as heterogeneity or variability of the tourism products. The tourism sector offers an amalgam of services which make up the delivery of the product. (Cooper et al. 2005, 574-585.)

2.1.3 Marketing mix

The concept of the marketing mix is one of the most important in marketing – indeed; it can be called the core of all marketing planning. The marketing mix is defined by Kotler as: The set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market. There are lots of such tools but they are traditionally grouped together into four groups of variables 4Ps – product, price, place and promotion. (Kotler, Bowen, Makens 2004, 331-338.)

In case of tourism, each of these tools is quite complex to describe. The product is what is actually delivered to the consumer, and will be composed of both tangible and intangible elements.

Price refers to the amount of money eventually paid for the product or service by the consumer. In the case of tourism, price is often variable and negotiable, the consumer is seeking to obtain best value for money between a range of competitive products on offer.

Place is a controversial variable in considering the tourism product. Place represents the point of sale, i.e. the place where the product can be inspected and purchased, and the means by which it is delivered to the consumer. Place will be considered in terms of the channels of distribution of the product.

Promotion is concerned with the techniques by which products and their prices are communicated to the marketplace. This includes advertising, sales promotion techniques, public relations activities, direct selling and the use of more recent forms of reaching the customers.

While the marketing of goods is still quite a lot based on these four variables, in case of services three or four other Ps could be added to the original list: people, process, physical evidence and productivity and quality.

The inclusion of people adds emphasis to the fact that these are vital components of the product benefits. Tourism is a service product and employees are an integral part of the service. There are also others who form critical components of a touristic package, like

fellow travellers are critical to the experience of travel or members of the host community is another key element of the experience. While arguably all of these people form part of the product within the marketing mix, it helps to emphasise their importance by treating them as a distinct element in the mix.

Process as a distinct element in marketing is more controversial. The ability of employees to turn round a negative experience by appropriate handling, and to deal with complaints as they arise, is crucial in such an encounter.

Physical evidence involves all of the cues received by the tourist. Productivity and quality is the manner in which inputs are transformed into outputs that are valued by customers and successfully meet their needs, wants and expectations. (Holloway 2004, 52-63.)

2.1.4   Marketing communications mix

Modern marketing calls for more than developing a good product, pricing actively, and making it available to target customers. Companies must communicate continuously with their present and potential customers.

Due to technological breakthroughs, people can now communicate through traditional media (newspapers, radio, telephone, television etc.) and through newer media forms (computers, fax machines, cellular phones, internet, digital and social media). Every brand contact makes an impression that can strengthen or weaken a customer's view of the company. The whole marketing mix must be integrated to deliver a consistent message and strategic positioning.

A company's total marketing communications program, called a promotion mix, consists of a specific blend of advertising, sales promotion, public relations, and personal selling to achieve advertising and marketing objectives. The four major promotion tools are defined next:

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Sales promotion is short-term incentives to

encourage the purchase or sales of a product or service. Public relations is building good relations with the company's various publics by obtaining favourable publicity, developing a good corporate image, and handling or heading off favourable rumours, stories, or events. Personal selling is oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales.

There are six steps in developing effective communications. The marketing communications must identify the target audience, determine the communication objectives, design the message, select the communication channels, select the message source and measure the communications' results process. (Kotler, Bowen, Makens 2004, 539-580.)

2.1.5 Marketing plan

Marketing plan is a written document that summarises what the marketer has learned about the market place, indicates how the firm plans to reach its marketing objectives, and helps to direct and coordinate the marketing effort. (Kotler et al. 2012, 973.)

2.2 Marketing analyses

Marketing research is defined as the systematic and objective process of generating information to aid in making marketing decisions. This process includes: specifying what information is required, designing the method for collecting information, managing and implementing the collection of data, analysing the results, and communicating the findings and their implications. Marketing research covers a wide range of phenomena. In essence, it fulfils the marketing manager's need for knowledge of the market. The task of marketing research is to help to specify and supply information to reduce the uncertainty in decision making. Applied research is conducted when decisions must be made about the specific real-life problem. (Zikmund 2003, 3-11.)

Satisfying the consumer needs is a major goal of marketing. One purpose of marketing research is to obtain information that identifies consumers' problems and needs,

narrowing the information gap between marketing executives and consumers. To research consumer needs in this way enables firms to fulfil the marketing concept. Measuring consumer satisfaction is another means of determining how well the company is fulfilling the marketing concept. Customer satisfaction research can ascertain whether an organization's total quality management program is meeting customer expectations and management objectives. Marketing research can also help to prevent commercialization of products that are not consumer oriented. By improving efficiency, research also facilitates profitability.

The primary managerial value of marketing research comes from its ability to reduce uncertainty. Research generates information that facilitates decision making about marketing strategies and tactics. Developing and implementing a marketing strategy involves four stages: identifying and evaluating opportunities, analysing market segments and selecting target markets, planning and implementing a marketing mix that will satisfy customers' needs and meet the objectives of the organization, and analysing marketing performance.

Before developing a marketing strategy, an organization must determine where it wants to go and how to get there. Marketing research can help to answer these questions by investigating potential opportunities to identify attractive areas for company actions. The second stage of marketing strategy development is to analyse market segments and to select target markets. Marketing research is a major source of information for determining which characteristics of market segments distinguish them from the overall market. Using the information obtained in the previous stages, marketing managers plan to execute a marketing mix strategy. Products, pricing, distribution and promotion researches could be done. (Zikmund 2003, 3-11.)

2.2.1   Analyses of macro environment PESTEL

SWOT and PESTEL analyses are simply different ways of looking at the environment and at the company's place in it. The micro-environment is made up of those factors that impact closely on the organisation, and typically consists of the following elements: customers, competitors, suppliers, intermediaries, micro-environment publics.

The macro-environment includes the major forces that act not only on the company itself, but also on its competitors and on elements in the micro-environment. The macro-environment tends to be harder to influence then does the micro-environment, but that does not mean that the company must simply remain passive; the inability to control does not imply an inability to influence. Main elements of the macro-environment are: political factors, economic factors, socio-cultural factors, technological factors, ecological and geographical factors, legal factors. (Blythe 2012, 24-45.)

2.2.2 Summary of situational analyses SWOT

The overall evaluation of a company's strengths, weaknesses, opportunities and threats is called SWOT analysis. It is a way of monitoring the external and internal marketing environment.

Good marketing is the art of finding, developing and profiting from these opportunities. A marketing opportunity is an area of buyer needs and interests that a company has a high probability of satisfying profitably. An environmental threat is a challenge posed by an unfavourable trend or development that would lead, in the absence of defensive marketing action, to lower sales or profit. Strengths/weaknesses analyses are one thing to find attractive opportunities, and another to be able to take advantage of them. Each business needs to evaluate its internal strengths and weaknesses. (Kotler et al. 2012, 111-115.)

2.2.3 Consumer market analyses

The aim of marketing is to meet and satisfy target customers' needs and wants better than competitors. Marketers are always looking for emerging customer trends that suggest new marketing opportunities.

Consumer behaviour study is the study of how individuals or groups buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and wants. The study of consumer behaviour can be divided into three independent dimensions: the

study of culture, the study of social groups and the study of the individuals. (Kotler et al. 2012, 246-259.)

2.2.4 Research methods and process

Research could be broadly defined as a form of systematic enquiry that contributes to knowledge. Research is essential for understanding the various phenomena that individuals and organizations encounter in their everyday activities.

Effective marketing research follows six steps:

1) Define problem, settle research objectives
2) Develop the research plan
3) Collect the information
4) Analyse the information
5) Present the findings
6) Make a decision

Marketers collect primary data in five main ways: through observation, focus groups, surveys, behavioural data and experiments. Researchers can gather fresh data by observing the relevant actors and settings, unobtrusively observing as they shop or as they consume products. A focus group is a gathering of six to ten people carefully selected by researchers based on certain demographic, psychographic or other considerations and brought together to discuss various topics of interest at length. Companies undertake surveys to learn about people's knowledge, beliefs, preferences and satisfaction, and to measure these magnitudes in the general population. Customers leave traces of their purchasing behaviour in store-scanning data, catalogue purchases and consumer databases, and marketers can learn much by analysing these data.

The most scientifically valid research is experimental research, designed to capture cause-and-effect relationships by elimination competing explanations of the observing findings. (Kotler et al. 2012, 210-229.)

For the present thesis different research methods has been used such as questionnaire survey for the customers, interview with the GM (General manager), statistics, traveller's portals, booking websites, the hotel website and observation. Some research data (e.g. questionnaire survey and interview) has been collected by the author, observation has been also done by the author, some other data (statistics, traveller's

portals, booking websites, the hotel website) could be classified as pre-existing data. Statistical data have been processed with Excel software and are defined by graphs and figures. Quantitative and qualitative data has been collected and analysed.

Qualitative data could come in various forms. Qualitative data came from interview transcripts, recorded observations, document analyses, Internet websites etc. A qualitative data analysis is the conceptual interpretation of the dataset as a whole, using specific analytic strategies to convert the raw data into a logical description and explanation of the phenomenon under study. In simple terms, data analysis is all about making sense of what the data say about the research topic. It requires making own interpretations and highlighting patterns grounded in the data in a way that can be recognized and understood by the readers of the research. Both deductive (theory-driven) approach and inductive approaches to quantitative data analyses were used. If the deductive approach is chosen, it is necessary to develop a coding schema or template which reflects the codes deriving from the research (conceptual) framework and emphasizes the key themes that emerge from the literature review. As well as the deductive (theory-driven) approach to analysing qualitative data, it is acceptable also use an inductive approach. After spending some time viewing collected data through the lens of a schema, it is possible to put the theory-driven tool to one side and to try to explore the study's findings in order to generate new knowledge about the research topic. During this process it is compulsory to have a relatively open mind towards the topic, and prevent the researcher from becoming over-structured by any preconceptions. This is particularly important in terms of avoiding bias and limiting the findings and themes that could emerge from the raw data. (Levent & Paraskevas 2008, 167-180.)

Quantitative data analysis is used by researchers as well, it helps researchers to answer their research questions and achieve their research objectives by expressing the opinions, attitudes and behaviours of people or characteristics of organizations in quantitative terms. Quantitative data can be a product of different research strategies, but mainly come from surveys and experiments. (Levent & Paraskevas 2008, 195-220.)

3   THE CASE COMPANY

The new strategic marketing plan has been done for an Italian Hotel Acquasanta which is situated in Terracina, Italy.

Hotel Acquasanta (The name could be translated into English as The Hotel Holy Water) is situated on the sea coast between Rome and Naples in the region of Lazio. The hotel could be classified as a 3 star hotel. It has private parking, private sandy beach, a restaurant which is open for breakfast, lunch and dinner and a bar, shuttle service from/to the city centre and port, concierge assistance, 24 hours front desk, unlimited internet access in the public areas, a storage room, a courtesy room with possibility to use beach service on the day of arrival and departure and Acquasanta mineral spring. The hotel uses a common reservation policy check-in after 15.00, check-out before 11.00.

There are just 23 rooms which are divided into 3 types according to the classification established by the hotel. The rooms are divided into Standard, Superior and Junior Suite. The room type basically depends on the room size and view. Price depends on the room type and changes according to tourist flotation, the season is divided into eight periods which influence the price. Special discounts for long stays exist. The hotel is open for six months basically from mid-April till mid-October. Tourism in this area is generally seasonal. Standard room amenities include a hair dryer, TV, a safe box, a refrigerator, daily cleaning, towels change daily, air conditioning and sound isolation. All rooms are non-smoking rooms.

It is a family business, the owners actively participate in the hotel's life. Acquasanta is a small hotel which provides more intimate relationship between guests and the staff, and more informal management and employee relationship.

Hotel Acquasanta was born as a restaurant in the 60s which was called Ristorante da "Baffone". The restaurant was very famous in the area until the 90s. In the 90s the family decided to transform the restaurant firstly into a restaurant and hotel and lately completely into the hotel Acquasanta, the name was created after Acquasanta mineral spring of an ancient roman cistern (IV century CE).

4 CURRENT MARKETING SITUATION ANALYSES OF THE CASE COMPANY

4.1 Macro environment PESTEL

TABLE 1. PESTEL analyses of the case company

Political:	Economic:
Government regulations regarding services, hygiene, food regulations etc. Unstable political situation	Inflation and price grow Taxation increase Italian state debt is the second highest in the EU GDP goes down
Social: Tension between locals and immigrants Unemployment Strikes Lack of business travellers in the area	Technological: Possibility of internet booking Possibility to get info about the hotel through social networks and booking portals No Wi-Fi in the room, just in lobby and common areas Lack of security cameras
Environmental: Renewable energy, sun batteries Environmental friendly hotel Special showers, reduction of water consumption	Legal: Visa restriction rules for non-EU visitors

Political situation in Italy in the last year was unstable, new government was elected, prime minister changed twice. Also in 2013 Pope Benedict XVI officially left his position that created dissonance in the Catholic world. Feeling of instability definitely had influence on people's mind. Italians last year started to concentrate more on saving money instead of spending money immediately. Political instability is directly connected with economic and social instability. Unemployment especially among

young people grew up dramatically, taxation increased. All those factors influenced in all areas of peoples' life, and people started to travel less and spend less.

World becomes more and more aware about environmental problems, so it could even influence on peoples' choice and sometimes conducting of sustainable business could even help to save some money.

New technologies take an important place in the contemporary life. Good WI-FI quality influences the guests' impression of the hotel. Nowadays the easiest way to get any kind of information is to search for it on internet. So for hospitality industry it is essential to monitor travelling and booking portals because that could influence the guest's choice.

During the research process questionnaires for the hotel guests were created, see appendix 2. 78 guests who stayed in the Hotel Acquasanta during August-September 2013 kindly filled out the questionnaire. This survey was useful for the current research but also for the hotel management, because it gave useful feedback about the stay, these questionnaires will be used from now on as an easy way of collecting the guests' feedback. The questionnaire contained two parts: personalized gratitude from the hotel management for choosing this hotel and an actual questionnaire with open and closed questions. The hotel is small so it was possible to write the guest's name on each card which in one hand is a small thing but in another hand shows a personal approach.

Collected data were systematized in an Excel table and analysed by using graphs. Guests' replies are presented visually in percentage in the appendix 3.

Graphs confirm the importance of the technological side. 11% of guests were not satisfied about Wi-Fi connection, because it does not work in rooms but just on common areas. Lack of Wi-Fi created discontent. Another proof of technology's importance is that 5% of respondents pointed out that they chose this hotel because of reading positive reviews on the booking portals. Marketing work on internet and careful monitoring of the web portals could be an easy and cheap way to increase the amount of customers.

4.2 SWOT

TABLE 2. SWOT analyses of the case company

Strengths:	Weaknesses:
Location. (Closeness to the sea)	Small size, just 23 rooms
Private parking	Location (Walking distance from city centre but no pedestrian road to achieve it)
Private beach	
Personal approach (Concierge service)	Limited variety of extra services and activities
High evaluation scores on the booking portals	Seasonality of the tourism in the area. (Open just 6 months a year)
Competence of the staff	
Existence of the frequent customers	Strong dependence on the weather
Opportunities	Threats:
Improve star rate, become a 4 star hotel	Price war with foreign and local competitors
Increase variety of extra services	
Define the target group	Economic crises in Italy, number of local travellers dramatically decrease
Improve advertising policy	
Create clear customer loyalty system	Economic and political unstable situation
Create solid highly experienced and motivated staff team	High commission costs to travel agencies and booking websites
Deseasonalisation (Seasonal adjustment)	Lack of activities and entertainment in the area

On the Table 2 it is possible to see the results of SWOT analyses. SWOT analyses were done based on the interview with the hotel manager (appendix 1), on the survey (appendix 2 and 3) and on author's personal experiences.

Location is a strength and a weakness in the same time because the hotel is situated two km away from the city centre of Terracina on the sea coast. It is a good location but there is not a pedestrian road to arrive to the city centre, so this fact creates problems for the guests without cars.

The size of the hotel is also an inconsistent point because a small hotel provides a personal approach to each guest but limited amount of rooms limits profits, the rooms are easily filled up during the high season.

Hotel has a habitual customer base, but it is not numerous. High scores on the booking portals is a strength.

Tourism in this area is seasonal and strongly depends on the weather conditions; it is a weakness and an opportunity. Some entertainment or activity which is not dependent on the weather could stabilize the situation and make deseasonalisation. Improvement and review of the marketing mix and marketing communications mix is the way to utilize existing opportunities. Seasonality of the business also influences the employee team, there is not a constant team because people cannot accept to work just 6 months a year so this work is generally considered just a temporarily one. So quitting and changing of the staff is not good for quality of provided services. It takes time for new employees to flow into the working process.

Threats are aspects which are important to keep under control. It is essential to control competitors, price politics, marketing situation, political and economic situation in the country, the sources of booking etc.

4.3   Market and competitor analyses

Competitors could be divided into global and local ones. The area where Hotel Acquasanta is situated is called the Riviera of Odysseus. According to reconstructions based on Homer's account, the hero from Ithaca left numerous traces in this span of this coastline, that's why it got this name. It is a location with seasonal beach tourism. Riviera of Odysseus includes such cities as Terracina, San Felice Circeo, Sabaudia and Sperlonga. According to the booking.com there are around 69 hotels in the area, and all of them are potential competitors. According to booking.com, Hotel Acquasanta has one of the two best scores in the area according to the traveller reviews and this is a good result. The management controls very well web portals and usually is open to write feedback to the customers' reviews. There is no international brand's hotel in the area, there are mainly small privately owned hotels. The resources which they possess

are generally quite similar so creation of an unusual product or new marketing concept could play determinatively an important role for attracting the customers.

4.4 Consumer analyses

To attract travellers it is essential to understand who are the hotel guests in the current moment. Once customers and their needs are identified, it is possible to create niche target markets. Trip advisor, travel communities, questionnaires and reviews help to get enough of useful information. As soon as the niche target markets have been defined for the hotel it is possible to create dedicated pages on the hotel website designed especially for them. It is very important to focus on the parts of the hotel marketing mix that appeal to each particular segment and build packages and special offers for specific market segments.

Defining the target customers means identifying the specific characteristics of the people or businesses like age, gender, income level, buying habits, occupation, family status, geographic location, ethnic group, hobbies and interests. At the moment such groups of people like couples, elderly people, families with little kids and foreigners who are mainly interested in cultural and beach holidays could be classified as common customers for the Hotel Acquasanta. It is logical to concentrate on these groups of people and create some points to keep them as the customers for a long period of time. It is easier to work with the existing customer groups instead of choosing the totally different segment as a target group and trying to attract the members of this segment.

5   NEW MARKETING STRATEGIES

5.1   Objectives

The main objectives for the new marketing plan are to rise the profit, to extend the amount of the habitual customers and to conduct prosperous business in the area. Opportunities which were pointed out in SWOT analyses have been taken into consideration in the marketing plan.

5.2   Marketing mix

In the theoretical framework in chapter 2 the marketing mix was defined in details.

PRODUCT:
- Unique product/service
- Spa service: spa, jacuzzi, massage, fitness hall, mineral source etc.
- Promotion of healthy way of life
- Events: concerts, master classes, theme events
- Amusement and animation for kids
- Cultural trips for customers from abroad

PLACE:
-Emphasis on direct sales by email or by phone
-Reduction of booking via web portals and through travel agencies mediators because of the high commission
-Research of the foreign partners, attempt to work directly with Russian and Scandinavian markets

MARKETING MIX

PROMOTION:
-Advertising
-Sales promotion
-Public relations
-Personal selling
(See figure 2)

PRICE:
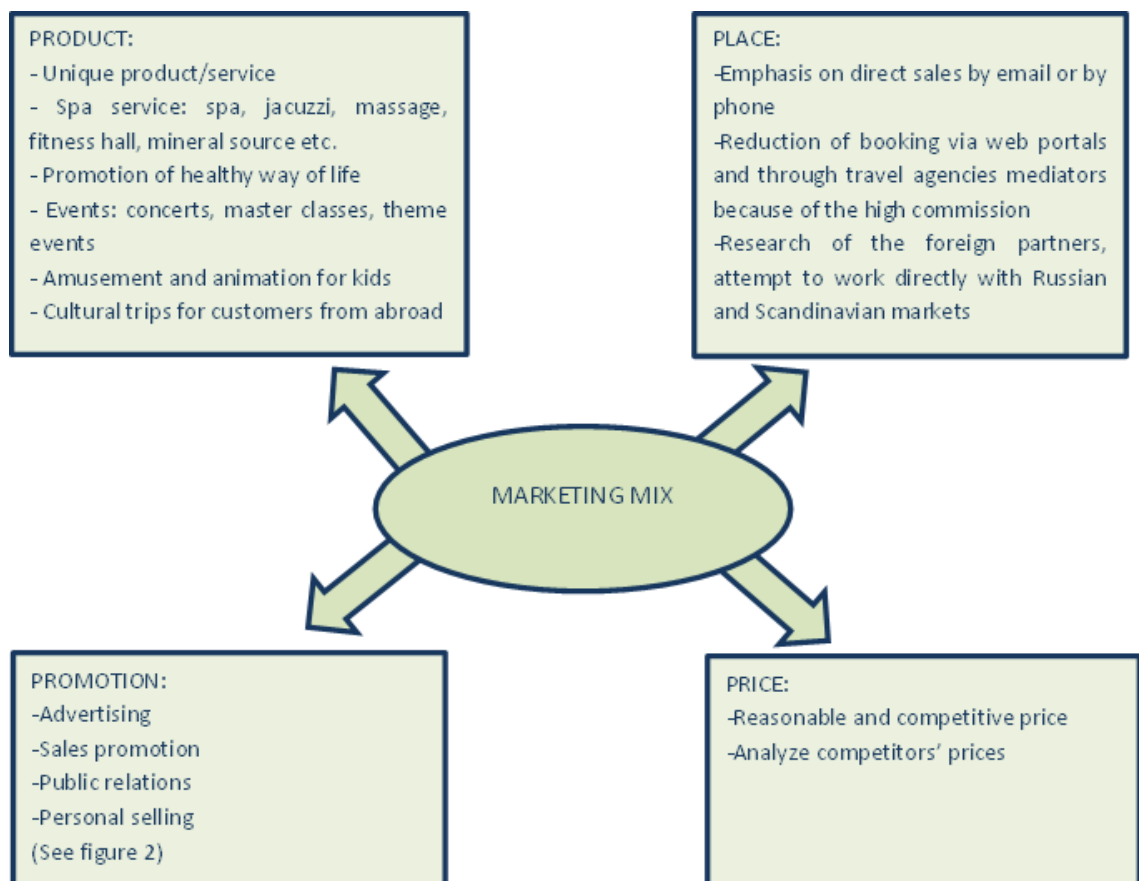-Reasonable and competitive price
-Analyze competitors' prices

FIGURE 1. Marketing mix for Hotel Acquasanta

Work on the marketing mix is logical to start from product analyses. The question which could be asked is what kind of things could be interesting for the target

customers. All products have tangible and intangible aspects. However, in the service industry like hospitality and tourism, product is largely intangible. In fact, in the hospitality industry, the products are mainly in the form of services, which make the product of the industry quite unique as compared to other industries. Acquasanta could work on creation of a unique service like on providing spa service, there are a couple of luxury hotels in the area with spa but not in Terracina. Spa service could also solve the problem of the seasonal work. Spa centre will be open for the whole year. Planning of the events like musical concerts, dance master classes, dinners with theme will be a right step on creation a new special attractive product. Entertainment for children like small amusement park or animation activities could increase the number of guests, but hotel owners strongly object against the families with little children as a target market segment. Although the hotel is a very tranquil and calm place it attracts families.

Place is another important aspect in the marketing distribution channel. Once a product is made and is available for sale to consumers it is necessary to define the selling point. At the moment there are three ways to sell the hotel stay: directly on the hotel by phone or email, on the two booking portals booking.com and venere.com and by two local mediator travel agencies in the area Gartour and Indaco which mainly work with the Russian market. Booking portals and travel agencies mediators take a high commission. It is possible to start to work directly with travel agencies in Russia and Scandinavia without mediators, it will not be possible to avoid the commission but it will be possible to reduce this cost. Travel agency contacts is possible to get at some travel fairs, then just to analyse the available options and to make agreements with the most suitable options. First contracts with foreign agencies will be temporary and trial to understand their efficiency. If profitability of such collaboration will be high the contracts will be renewed and prolonged.

It is not enough for a company to have a good product; it will not generate any sales unless the consumers are aware of the product's existence and also have access to the product. This is where promotion comes to play its part. Promotion helps to get the message of the product out so consumers are aware of it and want to purchase it. Different types of promotion could be used such as advertising, sales promotion, public relations and personal selling. Marketing communications mix is analysed in details in the next paragraph 5.3 Marketing communications mix.

Price is the monetary value that the company charges to cover the costs of the product plus the other costs associated with the product, such as labour costs, promotional costs, etc., plus a profit. The decision on pricing would make or break the business. Consider this: If the price cannot even cover the costs to produce it, the company will operate in a loss and eventually go out of business. On the other hand, the price the company charges may be so high that it may drive it out of the market. So it is important to find the right price niche.

5.3   Marketing communications mix

The marketing manager has four distinct ways of communicating promotional messages to the public such as advertising the product through a selected medium such as television or the press; direct email; sales promotion such as participation at exhibitions and trade fairs; coupons etc.; public relations and personal selling by the staff.

Obviously the funds available for promotion have a direct impact on choosing promotional mix elements. Smaller organizations with more limited budgets usually have to place greater emphasis on lower-cost promotions, including publicity and sales promotions. Larger organizations can better afford to use media advertising and personal selling. Hotel Acquasanta is a small business so it could not afford to provide a huge budget for promotion mix.
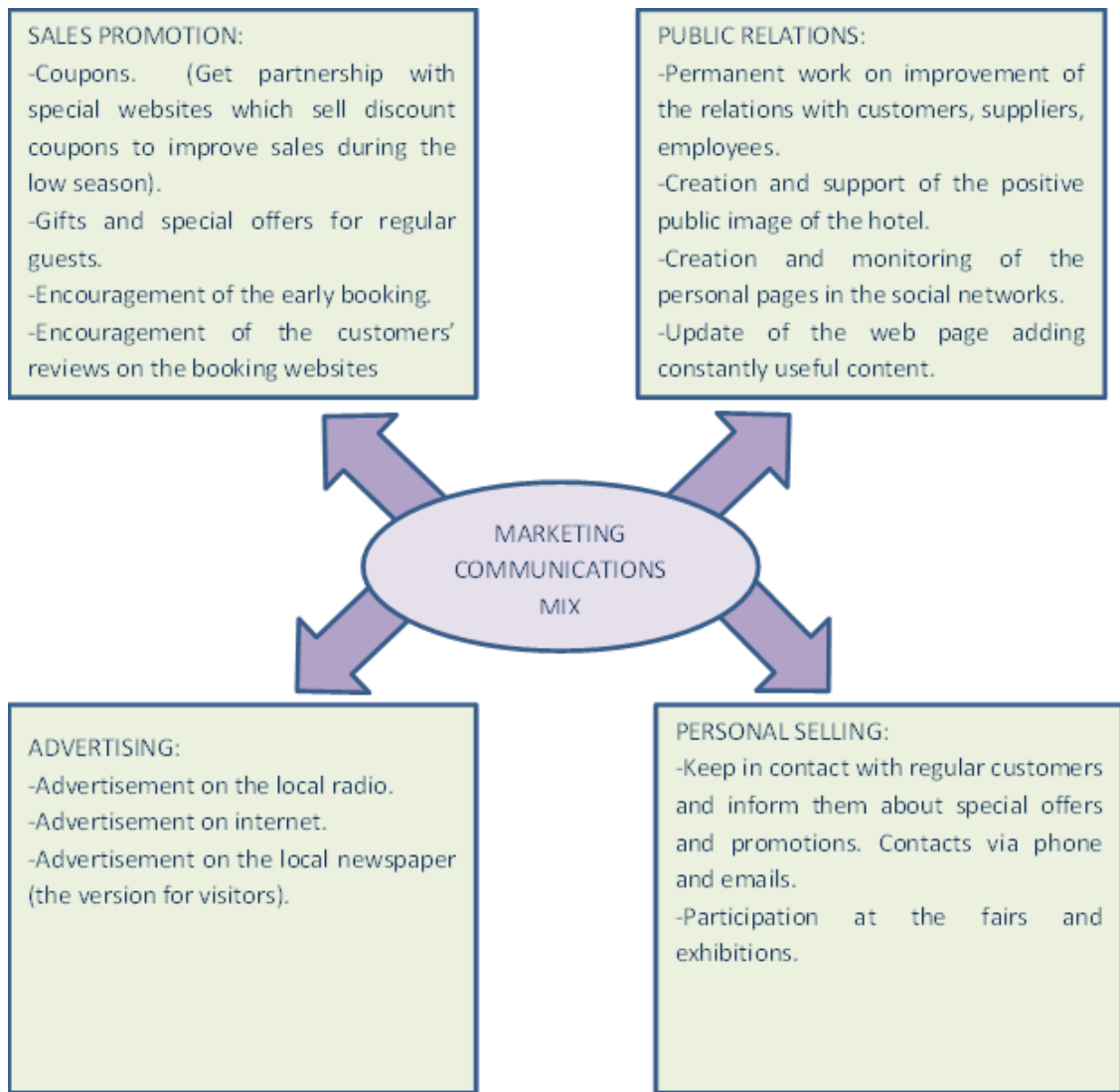
SALES PROMOTION:
-Coupons.   (Get partnership with special websites which sell discount coupons to improve sales during the low season).
-Gifts and special offers for regular guests.
-Encouragement of the early booking.
-Encouragement of the customers' reviews on the booking websites

PUBLIC RELATIONS:
-Permanent work on improvement of the relations with customers, suppliers, employees.
-Creation and support of the positive public image of the hotel.
-Creation and monitoring of the personal pages in the social networks.
-Update of the web page adding constantly useful content.

MARKETING COMMUNICATIONS MIX

ADVERTISING:
-Advertisement on the local radio.
-Advertisement on internet.
-Advertisement on the local newspaper (the version for visitors).

PERSONAL SELLING:
-Keep in contact with regular customers and inform them about special offers and promotions. Contacts via phone and emails.
-Participation at the fairs and exhibitions.

FIGURE 2. Marketing communications mix for Hotel Acquasanta

Mainly it is logical and affordable to concentrate on public relations and sales promotion.

In simple terms, public relations can be explained as a one way communication between the company and the public. Publicity is one public relations technique that involves nonpaid communication of information about an organization's services. Public relations try to provide commercially significant news about the product or service in a published medium, or to obtain favourable presentation in a medium that is not paid by the sponsor. It is essential to create a positive public image for the company. People intend to share their own experiences with others, positive image and impression could be spread up quickly.   Participation in travel fairs and exhibitions could make the business more visible and interesting for potential customers and partners. Another very

common way to improve PR reputation is to concentrate on web marketing sources like the website and social networks.

The reality of the growing expansion of the internet is that the size increasingly matters and, rather than being an enabler for smaller, independent hotels, the internet may accelerate their decline given that their use of the internet is, at best, "opportunistic". The hotel website should be informative, with friendly interface and easy to find in search engines. Search engine marketing can be divided into two categories: pay for performance, where the website pays for visibility (through links, buying "words", sponsored links, adverting, banners) and "organic" search engine optimization, where the website is "technically" optimized using keywords, linkage and meta-tags to be "found" by the search engines when indexing web pages for retrieval. Online bookings and e-marketing increases in importance and customers use search engines to filter their information seeking. The hotel's management should be aware about this and it is necessary to assign budget for website updates and IT support. (Murphy & Kielgast 2008, 90-97.)

It is evident that social media has become a vital marketing channel for reaching potential customers and changed the way in which people learn about and ultimately choose products and services. Social networking has played a significant role in the way consumers research destinations, make reservations, learn about new offerings, plan itineraries and communicate with service providers. Additionally, research has identified that interactions between the firm and the consumer via social media aids in strengthening customer loyalty and improving overall satisfaction. Both hotel websites and social networking sites offer an abundance of information and are viewed as part of a property's overall internet marketing strategy. Facebook also provides an outlet for managers to monitor customer feedback, interaction, and sales opportunities in a non-threatening way. Social networking as a marketing technique is still a relatively new phenomenon but this growing trend has become an integral part of many marketing campaigns to reach a global audience. Hotel Acquasanta should consider integrating various social networking media, such as using Facebook to connect to hotel websites, blogs, or other user-generated content platforms, to magnify the efforts of social media marketing. (Phelan, Chen, Haney 2013.)

Sales promotions are approaches where customers are given a short term incentive or encouragement to make an immediate purchase. Sales promotion campaigns add value to the product because the incentives do not normally accompany the product. Like in advertising, the sponsor is clearly identified and the communication is non personal. Examples include discount coupons, contests (trial), samples and premiums (prize, bonus). During the low season it is possible to collaborate with deal-of-the-day websites that feature discounted gift certificates usable at local or national companies like groupon.it. Nowadays it is popular to buy gift and discount certificates so it could attract customers and increase the hotel's revenue.

It is reasonable to start a loyalty program at the hotel as well. Loyalty program will encourage regular customers and customers who choose long stays. Accumulative bonus system could be appropriate for this hotel. Each night gives the customer certain amount of points. And later on with certain amount of points the customer could choose if he/she wishes to get a bottle of free wine, a free spa session or extra night for free depending on the quantity of the points. Such gifts and compliments from the hotel could motivate customers to choose exactly this hotel but not another one for the next stay.

Advertising via radio, newspaper, TV and internet could work very well, for example placement of an advertisement in a publication that focuses on visitors to the city or region where the hotel is located. But it is a very expensive tool of the marketing communications mix. Choosing this way of promotion could provoke large expenses. It is possible to take this opportunity into consideration but firstly use other less expensive approaches.

Personal selling involves oral conversations. These are, either by telephone or face-to-face, between salespersons and prospective customers. The staff could try to increase sales of the service and promote it in the professional way. The staff collects customer contacts in a database and sends regular customer letters and e-mails with special offers.

5.4   Budgeting

It is an important question to define how much the company should spend to promote the product. Theoretically, the answer is simple. The company should continue to spend money on promotion until the point is reached where the additional cost of producing and promoting the product becomes greater than the sales revenue it produces; that is, the company keeps spending as long as the marginal revenue exceeds the marginal cost, in the economic terms. In practice, this point is not easily ascertained (Holloway 2004, 198-200.)

6   CONCLUSION

The aim of the thesis was to create a new marketing plan for the Hotel Acquasanta. A new strategic marketing plan proposal for the Hotel Acquasanta has been created.

Theoretical framework was successfully created and it includes marketing and marketing analyses concepts. Different information sources such as books, articles and websites were used during the process.

Current marketing situation was analyzed precisely. SWOT and PESTEL analyses were done as well as target group and competitor analyses. The hotel was evaluated by two internal categories like strengths and weaknesses and by two external categories like opportunities and threats. To get a multifaceted understanding of the current situation the author of the thesis created a customer satisfaction questionnaire for the hotel guests. The actual survey took place in the hotel during two months August and September 2013. 78 respondents took part in the survey. The sample was not big but sufficient to detect the tendencies. The results of the questionnaire survey were tabulated in Excel and the data were graphically displayed. The hotel manager was interviewed by the author and this helped to clarify some vague issues.

Based on the marketing research a new marketing strategy was developed. Marketing mix and marketing communications mix were improved by fixing existing shortcomings.

The author did not focus on the budget of the marketing plan due to the agreement with hotel management. The hotel management did not want to limit the author and wanted to get an innovative and creative marketing plan proposal. In spite of this fact the author took into account the hotel dimensions and the budget scale and tried to provide a realizable plan.

Marketing suggestions which were proposed by the author may start to be implemented during the next touristic season 2014 in corpore or partially. Implementation of the new strategy is a dynamic and long term process. During the implementation process it is very important to keep an eye on the market situation, tendencies in the hospitality field

development and changes spontaneously in leaps and bounds so it is necessary to take this into consideration. The external and internal environments are flexible and modifying very quickly so it is necessary to make updates of the marketing plan respectively.

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http://www.hotel-acquasanta.it/ read 22/02/2014

Booking.com

http://www.booking.com/hotel/it/acquasanta.html?aid=315714;label=acquasanta-AN9Q_tOB_Uu*ADiwCWS9XwS36502579016%3Apl%3Ata%3Ap1%3Ap2%3Aac%3Aap1t1%3Aneg;sid=a39b7d22e37f035af6ef79871e6f9459;dcid=1;srfid=3e09954f5fcdebc5768d36b4ee2ed76df0b38f75X1;type=total;selected_currency=EUR#tab-reviews read 22/02/2014

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APPENDICES

Appendix 1. Company interview

Interview with the manager of the hotel Acquasanta. 01/02/2014

1) -What are the main aims and targets for the hotel Acquasanta in the future?

-To build the spa centre with swimming pool, saunas, Jacuzzi, hydro massage etc. and to become the first 5 stars hotel in the area.

2) -When does the hotel intend to become a 4 star hotel? It's a 3 star hotel but provides services nearly of a 4 star hotel?

-That could happen in the nearest future, there are something which should be changed before the application for a 4 star hotel could be made, e.g. laundry should be changed every day, night shift receptionist should be qualified.

3) - Did you think about problems regarding the location, there is no pedestrian road from city centre to the hotel?

-Free transfer from the hotel and back will be organized twice a day, plus paid transfer could be organized taking into consideration guests' requirements. And this year in Terracina will be organized tourist bus which will bring tourists from city canter to the every hotel.

4) -How is the economic and political situation at the moment? Has it improved?

-Economic situation worsen comparing to the last year. Unemployment for young people is around 45%.

5) -Do you think that current economic situation could dramatically influence the tourism sector and does it mean that less Italians will travel next summer?

-Basically we think that level still be the same comparing to the summer 2013. Probably it will be a bit less Italian tourists and a bit more foreigners.

6) -Is hotel Acquasanta an environmentally friendly hotel? Do you care about sustainable tourism?

-From this year in Terracina sorting of garbage is compulsory. In the hotel the sources of the renewable energy are already used: like sun batteries and special boilers which consume warm from outside. Showers consume less water and that is also sustainable. This year notes about laundry will be implemented, towels will be changed just when that's required.

7) -Are you thinking to implement some kind of a customer loyalty system in the hotel?

-This year we plan to implement a tourist gift card for long stays.

8) -Last year customers mainly were presented by families with kids and elderly people Are you going to organize some special entertainment for them this year? For example miniclub and amusement park for kids.

-No, owners don't want to concentrate on this market segment, so this year there are no plans to create something for kids. Although there are plans to organize more music evenings on the terrace. Soft jazz, Italian music on Thursdays. Around 3 musical evenings per week are planned.

9) -Last year restaurant business was not profitable, are you going to change it in some way?

-Last year we did not earn money on the restaurant but we did not lose anything as well. Profit was equal to the costs. Yes, this year we will put 4-5 more tables in the terrace; this will give us a good chance to keep the restaurant open not just for the hotel guests.

10) -Any other ideas and plans for the next season?

-3 residence rooms with kitchen corner are planned to be opened. Fitness zone will be extended. Water in the Acquasanta source will be heated, so it will be like a small swimming pool. New minibus will operate as a transfer. Small tours will be organized by the hotel. Mini spa version with massage and hydro massage will be opened.

11) -How much time could the project of building the complete spa centre take?

-It could take around 2-3 years.

12) -What about the staff team this year?

-Many new people will start to work this year, because it's not so easy to keep people on the seasonal business.

Appendix 2. Customer satisfaction card

Dear Mr./Mrs.

The management thanks you for choosing our hotel and kindly asks you to help us in improvement of our services by answering few questions.

We hope that you will be again our guests in the nearest future.

Thank you and We wish you a pleasant trip!

Hotel Acquasanta

Via Appia km.104,500

Terracina (LT) 04019

Tel. +39 0773726007

www.hotel-acquasanta.it

info@hotel-acquasanta.it

Acquasanta (Holy Water) doesn't make miracles.....but certainly make you feel good!

Customer satisfaction:

1) Have you been before in our hotel?

YES	NO

2) What do you like the most in Acquasanta?

_____

3) What do you like the least in Acquasanta?

_____

4) What was your first impression about our hotel?

_____

5) How would you evaluate the efficiency of the staff on the reception?

POOR	SATISFACTORY	GOOD	EXCELLENT

Comments:_____

6) How would you evaluate the efficiency of the staff in the restaurant and bar?

POOR	SATISFACTORY	GOOD	EXCELLENT

Comments:_____

7) Have you been satisfied with menu in our restaurant?

YES	NO

Comment:_____

8) How would you evaluate the efficiency of our beach services?

POOR	SATISFACTORY	GOOD	EXCELLENT

Comments:_____

9) How would you evaluate the efficiency of the housekeeping department?

POOR	SATISFACTORY	GOOD	EXCELLENT

Comments:_____

10) Why did you choose hotel Acquasanta?

a)location	b)services
c)atmosphere	d)value for money
e)Other reason (please specify)	

11) Do you intend to come back here?

YES	NO

Thanks for your time and cooperation!

Appendix 3. Results of the customer satisfaction survey

FIGURE 1. Efficiency of the staff on the reception

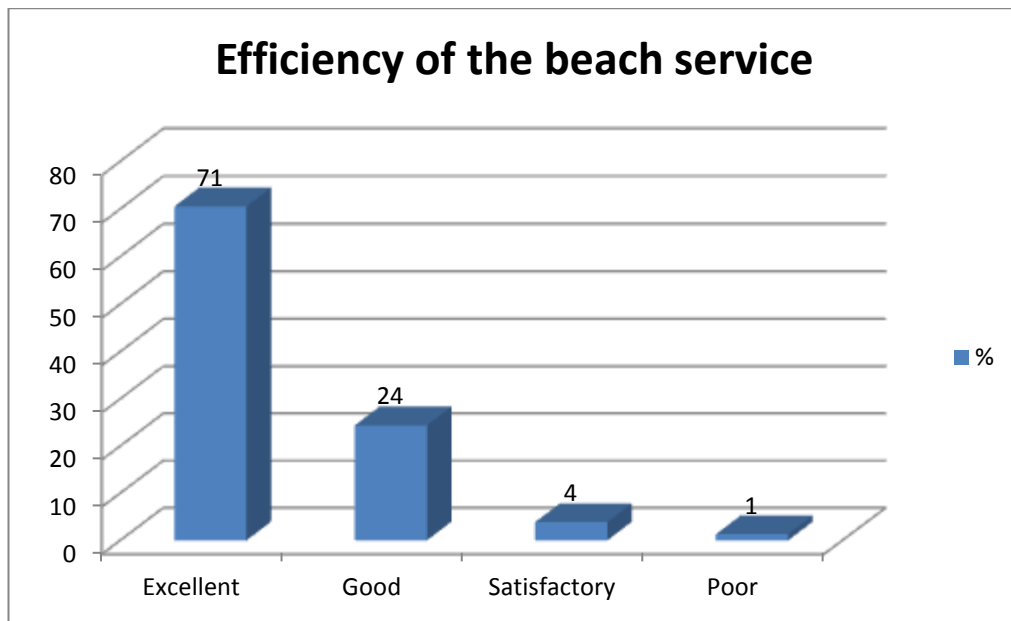FIGURE 2. Efficiency of the staff in the restaurant

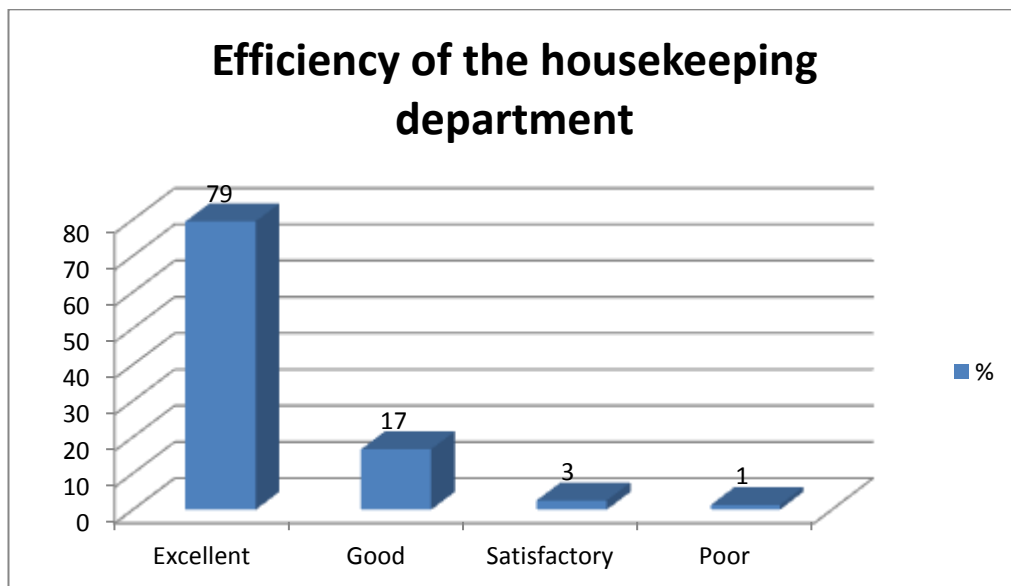FIGURE 3. Efficiency of the beach service
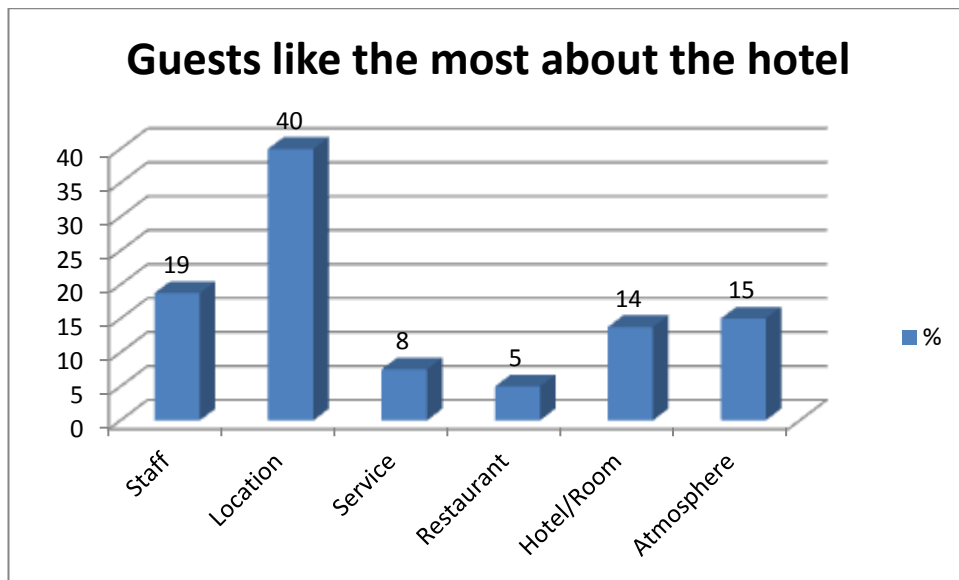

FIGURE 4. Efficiency of the housekeeping department

Guests like the most about the hotel

FIGURE 5. Guests like the most about the hotel
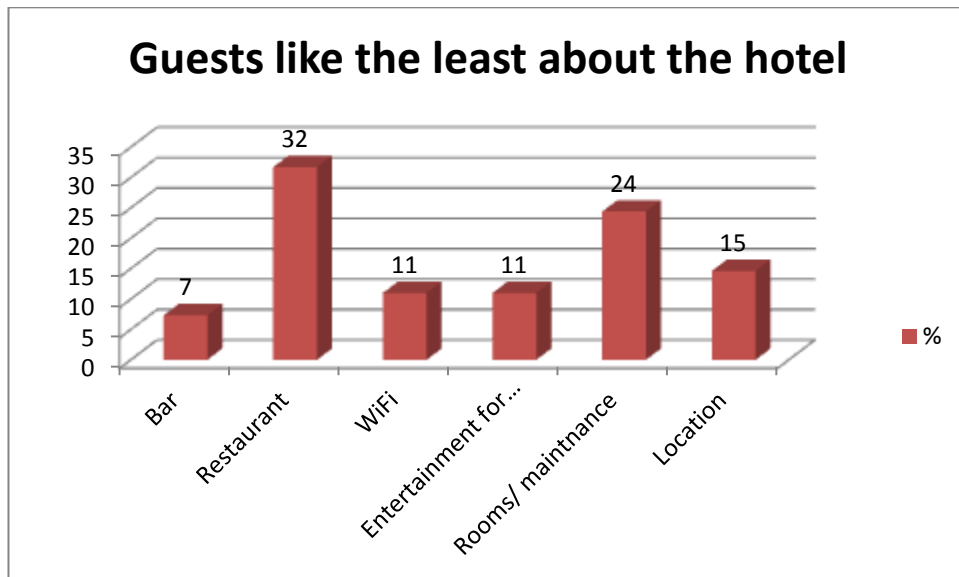
Guests like the least about the hotel

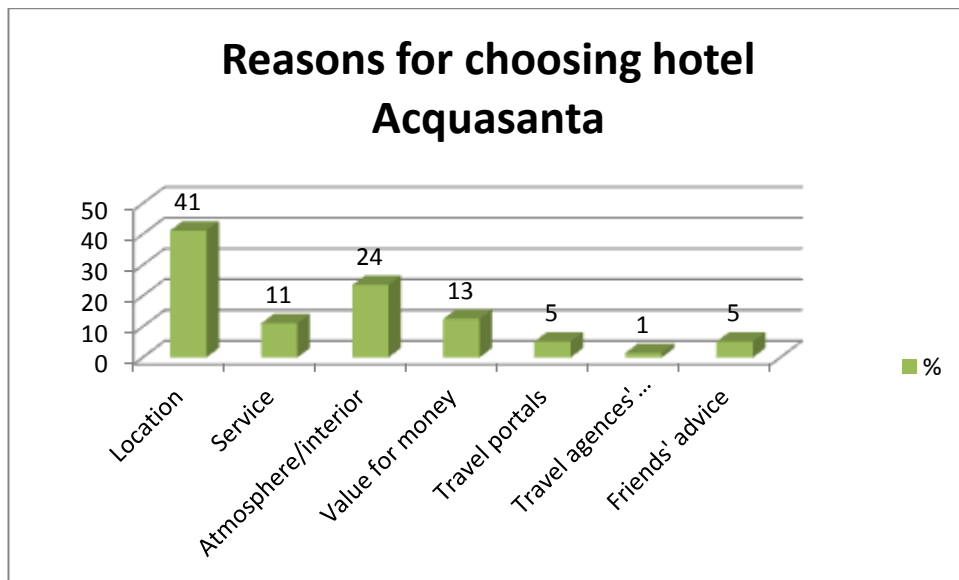FIGURE 6. Guests like the least about the hotel

Reasons for choosing hotel Acquasanta

FIGURE 7. Reasons for choosing hotel Acquasanta