

## **CHAPTER 4**

### **SUMMARY**

#### **4.1 Conclusion**

The main purpose of this chapter is to draw conclusions, discuss, and give recommendations derived from the research findings and report limitations encountered in this research. For this research study, data was collected from two groups of visitors (Non-Indian and Indian), and owners/managers of A, B, and C grade hotels.

##### **4.1.1 Conclusion of the study from tourists group**

Data collected from the sample groups were demographic profile, tourists' behaviour, levels of marketing mix, expectation and performance. From 382 Non-Indian tourists, majority were female. Tourists were in the age group of 56-65 years old, married, graduate, professional and had an earned income of over 70,000 USD. Indians were mostly male in the age group of 26-35 years, were married with graduate degrees, and mostly professionals earning an income of 10,001-25,000 USD.

As for the tourism behaviour, most of Non-Indian tourists travel with a travel agent whereas Indians travel with their family /relatives. Moreover, family/relatives have influenced their decision making in selection of hotels. Mostly Non-Indians and Indians came for holiday purpose. Both Non-Indians and Indians were newcomers staying in 'B' grade hotels.

From the result of marketing mix, the product factors, the availability of support services and Internet access were the highest important factor that influenced Non-Indian tourists' decision in selection of accommodation. While for Indians, the availability of support service, different room types, internet access, wake up call, Indian breakfast, buffet breakfast were the highest important levels of these factors that influenced Indian tourists' decision on selecting accommodation.

The price factor and value for money was the highest important level for both Non- Indians and Indians in making decision for selection of accommodation. For the place factor, non-Indians gave high importance to a natural place and near town in their decision for selection of accommodation, whereas Indian tourists gave high importance to proximity to town and airport for selecting hotels. For the promotion factor, non-Indians and Indians gave high importance to websites in getting information for hotels. For the people factor, non-Indians and Indians gave high importance to employee responsiveness. For the process factor, non - Indians and Indians gave high importance to food and beverage, and check in and out in making decisions for selection of hotel. Finally, for the physical factor, Non-Indian and Indians gave high importance to cleanliness/ sanitation in making decisions for choosing hotels.

## The Summary of Level of Customers' Satisfaction from GAP Analysis with Demographic Variables

**Table 4.1** Gap Analysis of Gender and Nationality

Attribute	Gender		Nationality	
	Male	Female	Non-Indian	Indian
1. Hotel environment	X	√	√	X
2. Souvenir shop	X	√	√	X
3. Salon	X	√	X	X
4. Fitness	X	X	√	X
5. Room quality	X	√	√	X
6. Room service	X	√	√	X
7. Wake up call	√	√	√	X
8. Sanitation	X	X	X	X
9. Cleanliness	X	X	X	X
10. Stone bath	X	√	√	X
11. Menu variety	X	X	X	X
12. Buffet	X	√	√	X
13. Employee responsiveness	√	√	√	X
14. Employee attitude	√	√	√	X
15. Internet access	X	X	X	X

√ Satisfied with products and services

X Dissatisfied with products and services

Table 4.2 Gap Analysis of Purpose of Visit

Attribute	Holiday/ Pleasure	Business	Visiting friend / relative	Official	Meeting/ seminar	Others
1. Hotel environment	√	X	X	√	√	√
2. Souvenir shop	X	X	√	X	√	X
3. Salon	√	X	X	X	X	X
4. Fitness	√	X	X	X	X	X
5. Room quality	√	X	X	X	√	√
6. Room service	√	X	√	X	√	X
7. Wake up call	√	√	√	X	√	X
8. Sanitation	X	X	X	X	X	√
9. Cleanliness	X	X	X	X	X	X
10. Stone bath	X	X	X	√	X	√
11. Menu variety	X	X	√	X	X	X
12. Buffet	√	X	√	√	√	X
13. Employee responsiveness	√	√	√	√	√	X
14. Employee attitude	√	√	√	√	√	√
15. Internet access	X	X	X	X	X	X

√ Satisfied with products and services

X Dissatisfied with products and services

Table 4.3 Gap Analysis of Income

Attribute	10,000 or less than	10,001- 25,000	25,001- 40,000	40,001- 55,000	55,001- 70,000	Over 70,000
1. Hotel environment	X	X	X	X	√	X
2. Souvenir shop	√	X	X	X	√	X
3. Salon	X	X	X	X	X	√
4. Fitness	X	X	X	X	X	√
5. Room quality	X	X	√	X	√	√
6. Room service	X	X	X	X	√	√
7. Wake up call	X	X	√	√	X	√
8. Sanitation	X	X	X	X	X	X
9. Cleanliness	X	√	X	X	X	X
10. Stone bath	X	X	X	X	X	√
11. Menu variety	X	X	X	X	X	X
12. Buffet	X	X	X	√	√	√
13. Employee responsiveness	√	√	√	√	√	√
14. Employee attitude	√	√	√	X	X	√
15. Internet access	X	X	X	X	X	X

√ Satisfied with products and services

X Dissatisfied with products and services

## 4.2 Discussion

The finding results were discussed with four objectives as follow:

- To provide an overview of the products and services offered by Bhutan hotels
- To assess the current marketing strategies of hotels in Bhutan as well as their strength and weaknesses
- To evaluate the decision making process and purchasing behaviour for accommodation in Bhutan by tourists
- To provide recommendations for developing marketing strategies for developing value added products and services in Bhutan hotels.

### **Objective1: Overview of the Products and Services offered by Bhutan**

#### **Hotels**

From the total 464 questionnaires, 382 consist of non-India and 82 consists of Indian tourists who stayed in A, B, and C grade hotels in Bhutan. In addition, adjusted sample size of 4 managers from grade 'A' ,4 from grade 'B' hotel, and 3 managers from grade C in 5 district of Bhutan (Paro, Thimphu, Punakha, Wandgi, and Phuntsholing) were interviewed.

There is no hotel association in Bhutan. Bhutan's hotels and lodges are currently regulated by DoT and categorized as grade A, grade B, and grade C class hotels for non-Indian tourists and Indian tourists. These three categories of hotels' products and services differ in their variety and standard.

In consideration with products and services offered by hotels in Bhutan, most of hotels in grade A provide about 54 rooms that differentiated as deluxe room, single room, and suite rooms. The rates of room range from USD 150 to USD 1,200 including all meals, beverages and airport transfer. In house hotel facilities include restaurant and bar, spa, souvenirs shop, gym, conference hall, Internet facilities, telephone services, internal heating system. Moreover, in some hotel they have alternative rooms, the most in demand.

Majority of the managerial level staff in 'A' grade hotels were hotel graduates. Only those hotels, which were international branches such as the Amankora or Uma resort, have professional employees specialized in a particular department. Some particular hotels provide a value added product such as a winter retreat program to encourage tourists to visit in low winter season. They are also planning to provide more packages, such as seminars on "Thanka" painting, textiles, and arts and crafts. Some hotels give the guest books on the first night, a brass souvenir called a "dorji" the second night, and the third day a special trip to put prayer flags on the trees. They want to give more importance for providing clean accommodation, sight seeing with a good driver and a guide.

Those hotels in B grade provide 20 rooms categorized as single or double rooms. The rates of rooms are from USD 13.33 to USD 88.88. Products and services offered are restaurant and bar, souvenir shop, salon, internet access, free TV and pay telephone services. The staffs in these hotels are not well trained like A grade hotel employees. The managerial post holders are bachelor degree holders and staff qualifications were to have a good attitude with a qualification of maximum standard of class 12 standards. For the loyal guests who stay in the same hotel, they were given concessions of 10 % to 20 %.

Finally, C grade hotels consist of 6 rooms differentiated as single or double rooms. The rates of the room are from USD 8.88 to USD 22.22. It consists of two products rooms and the restaurant with maximum number of four staff with secondary education level or "no education".

In conclusion, Bhutan hotels should create a more positive and customer-friendly relationship image. The sector should not only be concerned about providing food, drink, and accommodation, but also should provide value added products, services and opportunities for leisure/ relaxation. The hotel should also emphasize on the total package which is the product plus the benefits to the customer.

**Objective 2: Assess the Current Marketing Strategies of Hotels in Bhutan as well as their Strengths and Weaknesses (Current Situation of Bhutan Hotels 7Ps)**

From the interview with the managers or owners of the hotels, it was found that the main target market of grade A, B, and C class hotel tourists are from USA, Canada, Japan, Germany, Thailand, India, Australia and European countries. Moreover, the target markets for international brand hotels (e.g. Amankora and Uma) were those people who want to experience something unique. They mostly come from USA, Asian, and European countries. Majority of these tourists come firstly for holiday/pleasure, secondly, business, thirdly official, and fourthly meeting/ seminar, and other purposes. For the interest of all these purposes, grade A and B hotels offer value added products and services such as enthralling guests with close intimacy with nature and providing unique charm of Bhutanese hospitality, fresh local vegetables and fruits that are in season, one Bhutanese meal complimentary with a buffet meal. Hotels in A grades especially presented their guests with a surprise gift during their stay in the hotel including spa treatments, a stay in the monastery, and a short trip to nearby places. However, the C grade hotels hardly provided any of the above value added products and services.

Moreover, the results from the interviews showed that in all grade A, B, and C hotels, the strategy for promotion was just by word of mouth and their main target market were the travel agents and government offices. The advantage of word of mouth is that advertisement investments were saved, as they do not advertise on big banner media. The only promotion they do are sales calls to the local travel agents and government offices, which is very cheap and is very easy to reach to the target markets. If hotels have a good relationship with travel agencies and government offices, they remain loyal customers. However, the weaknesses are if the customers who stayed in that particular hotel were not satisfied, they would not mention about the hotel to any one, which is a drawback of word of mouth.

Secondly, the products offered are the same by all the hotels. There is no product differentiation from one other. This shows that no initiative was taken to offer better options/choices. Some hotels products such as room prices were fixed without taking into account several factors, such as location, type of property, the services and amenities offered, the target market, and current economic conditions. Further, they were ignorant in supply and demand and the business cycle. Hotel prices are same through out the season



and no initiative was taken in promotions activities to reduce the seasonal problems such as student and senior citizen discounts, family value deals, and coupons to encourage customers.

From the results, it can be seen that Indian tourists were more conscious of prices of rooms comparing to non-Indians. The pricing are fixed by the owner of the hotel on his assumption, not according to the quality provided in rooms of hotels. There are no price discriminations online as it is the same for Indians and non-Indians.

Online sales were very nominal or zero. They have little general information on the websites. From the result showed that website is very important for both non-Indian and Indian to make decision for choosing hotels in Bhutan. In contrast, they advertise only on national newspaper (Kuensel), Bhutan airline magazine, brochure and little information on websites. Only the international standard hotels have full information provided on the website. Whereas grade A, B, C hotels provides vague information of products and services offered.

Only some hotels provided information on brochures of products and services offered. In order to generate more revenue in the future, hotels are planning to concentrate more on products and services such as internet facility, massage therapy, stone baths, gym, coffee shop, bonfire and Bar-B- Q, open bar, trekking, horse riding, local farm, and sleeping in a monastery. They will also build more cottages, and upgrade the existing rooms to attract long-term guests by providing apartment rooms with an attached kitchen. They also plan renovating and refurbishing of the existing rooms with clean accommodation, in low season by offering more packages on Thangka painting, textiles, and arts and crafts.

In order to develop value added products and services for hotels, the survey has been done on the service satisfaction level. The service satisfaction in its widest sense, is seen as being a complex process balancing consumer expectations with perceptions of the service or product in question. The gap results indicate that customers were dissatisfied with the 10 attributes. Therefore, certain products and services offered by hotels in Bhutan performance were not up to the satisfaction level of customers. The negative gap result showed that the hotel products such as sanitation facilities, followed by cleanliness, menu variety, souvenir shop, internet access, fitness club, stone bath, and room service which is available, is not up to the satisfaction level of the customers. Only the employee responsiveness showed a positive gap.

From the negative result towards Internet facilities, customers faced slow internet network connection, which was in disorder for days. All these are weakness of the marketing strategy. For the satisfaction of customers, hotels in Bhutan should provide a fast network and should be updating to wireless networks to satisfy the needs of technology-oriented guests.

The hotel showed a negative gap with fitness clubs as Kaser and Freeman (2002) pointed out that frequent travellers rank “staying healthy” as a high priority. About 50 percent of travellers, over age 35, make sure they take a daily vitamin. Only 40 percent of younger travellers take vitamins along. Twenty eight percent of the up-and-coming business travellers take along medical information, versus 38 percent of the veterans’. Exercise is important to the younger generation, with 25 percent using the gym versus 14 percent of older travellers. Hotels must continue to provide health spas and recreational facilities, as a new generation demands state - of - the art equipment. The visitors visiting Bhutan were those who have a lot of travel experience. These customers must be those who exercise and like to have a gym facility.

In consideration with the stone bath facilities, many tourists were new to this product and it is not in demand because maybe customers were not used to taking baths in an open space, or due to extremely hot water feel uncomfortable. Those tourists who come for trekking were interested in taking stone baths. Hotels try to promote this traditional stone bath with mineral rock that have health benefits and some add Bhutanese herbs in the bath water that can help them relax.

From the tourists’ comments, we know that tourists expect to have clean /sanitized facilities with a comfortable room. Cleanliness/sanitation is the basic facility any visitor would expect to have performance at high level. Kaser and Freeman (2002) said that the cleanliness and physical upkeep of the hotel strongly affect how guests perceive the property. The result also shows that they were not satisfied as they might have experienced a dirty room without proper bed sheets, and dirty mattress.

To keep away these problems, hotels should clean rooms daily in order to look clean, and smell fresh. Rooms should be checked daily to ensure high standard of cleanliness with all beds made daily. There should be clean bed linen including duvet covers for each new guest and changed bed linen including duvet covers at least 3 days for overnight stay guests. In addition, it would be more pleasing for guests to see in- room cookery and glassware washed hygienically, and good house keeping followed.

The results of menu variety show a negative gap similar to what Armington (2002) has suggested about menus in Bhutan in which restaurants were a fantasy concocted of ingredients a restaurant would like to have and what is actually on their shelves. Maybe most of tourists were expecting to try different variety of Bhutanese food with less species, more suiting to their taste bud. In some restaurant, maybe they did not get fresh cooked food on time. For the satisfaction of those customers, hotels should cook and prepare food carefully and present them properly, at least one vegetarian option at each meal. Freshly cooked and continental breakfast is served for a reasonable price and a reasonable choice of sustainable hot and cold dishes for dinner. If it is a set menu, alternative dishes should be available upon request. In addition, hotels should have a menu of different varieties of Bhutanese food for the taste of the customer.

For the room service, timeliness and efficiency showed a negative gap. For instance, maybe the guest asked for tea in the room, which was not delivered quickly. In order to satisfy those customers, the staff in charge should apologize and give some extra complementary drinks.

Most of the guests were not satisfied with the souvenir shop, as they do not have any choice to select varieties of goods. There were only limited things without a fixed price. For the satisfaction of the guest, souvenir shops should contain varieties of local products such as traditional archery set, paintings, hand woven cloths, statues, and post cards, etc.

### **Objective 3: Evaluate the Decision Making Process and Purchasing Behaviour for Accommodation in Bhutan by Tourists**

From the total 464 questionnaires, 382 consists of non-Indian and 82 consists of Indian tourists who stayed in A, B, and C grade hotels in Bhutan. Regarding the tourists' behaviour, most of them were similar. However, decisions with who to travel with were different between two groups of nationality.

From the literature review indicated, that family and other household members in the family can influence the purchase of the product (Kotler, 2003). This study also shows that Indian tourists come with their family and their decision-making were influenced by the family. Majority of Indian families are joint families and their selection of the hotels depends upon head of the family.

The Indian tourists are price conscious as shown from the comments that the accommodation prices are not worthwhile as per the quality and the standard of the hotel. From the interviews and by observation, it was known that majority of the Indian tourists visiting Bhutan selected hotels below standard, and 61 % of the tourists stayed in B grade hotels out of 81 respondents. For the satisfaction of this target market, hotels should offer a value added products and services such as connecting hotel rooms, family rates, and family style meals at moderate prices and apply them to the entire family.

The Indian tourists preferred the hotels which were nearer to town while non-Indians gave importance to a natural place. Half of non-Indians came with a group or tour package through travel agents due to the strict policy of tourism. As suggested by Kotler (2003), individual attitudes and behaviours are influenced by family, friends, neighbours, and co-workers especially with whom they have informal interaction. Also membership groups influence each other in making decisions.

Most tourists come for holiday/pleasure and majority are first time visitors who come to Bhutan. They received hotel information mostly through the customer comments review given on the website and from the comments /suggestion on how they perceived the performance and selected hotels. For some tourists, it is the decisions of the tour leader or travel agent to decide the hotel such as A, B, and C grade hotels. The tourists who came through a travel agent stayed in grade B as from the result that showed that 56 % stayed in grade B hotels.

In order to attract this target market, the hotel should improve the existing products and marketing strategies to develop value added products and services to encourage guests to stay for a longer duration or repeat their visit. On the other hand, hotels should develop in-house selling and promotion. Hotels should utilize some form of in-house advertising to increase customers' awareness of the full range of products, services and facilities. Such advertising can take a variety of forms including: menu, food and beverage lists, tent cards, facility lists located in bedrooms, posters, messages on key cards, receipts, personal letters to guests, display boards and messages left on in-house video and television facilities.

As pointed out by Kaser and Freeman (2002), the senior market is a growing segment of the hospitality market. Where people are living longer and enjoying more active years of retirement, many senior citizens are successful retired business executives and entrepreneurs who have saved and invested money successfully. These

individuals desire to travel and enjoy dining out. Many seniors feel more secure travelling with people of their own age who may share similar tastes. The results of the non-Indian tourists also showed that the majority who visit Bhutan were older, professional individuals.

Education levels have shown that both markets are highly educated who had a lot of travel experiences and want to know about the unique culture of Bhutan. Therefore, in keeping this in mind, managers should lure those people by providing everything with a traditional Bhutanese touch.

Non-Indians and Indians have different important levels of marketing mix factors (7ps) to make decisions on selecting different hotel grades. The marketing strategy for Non-Indian tourists, for instance, should focus firstly on physical evidence (e.g. cleanliness/sanitation), secondly, people (e.g. employee attitude), thirdly, price (e.g. value for money), fourthly, process (e.g. food and beverage service), fifth, the type of place (e.g. natural place), sixth, product (e.g. support service) and finally, promoting (e.g. websites) marketing mix.

In contrast, the marketing strategy for Indians should concentrate, firstly, on physical evidence (e.g. cleanliness/sanitation) which was shown high importance, second, people (e.g. employee attitude), third, price (e.g. value for money), fourth, promotion (e.g. websites), fifth, process (e.g. food and beverage service), sixth, product (e.g. support services) and lastly, place factor (e.g. near the town).

The results also show that the physical evidence sub-factor of safety/security is one of the most important factors for both Non-Indian and Indians, for which they give more importance in making decisions for selecting hotels. This is what hotels in Bhutan should consider while developing marketing strategies for the two markets because safety and security are the most basic human needs. Even if the hotel is comfortable, if there is no safety, it is not worthwhile staying in.

Therefore, the hotel sector should give more importance to safety of life and properties of tourists staying in hotels. There should be information on procedures in case of emergency such as multilingual emergency notices or use of symbols/diagrams. In addition, there should be printed instructions for summoning assistance during an emergency at night, means of securing bedroom doors inside and out. Availability of the proprietor and /staff onsite or on call 24 hours a day, adequate light for safety and comfort in all public areas, sufficient light on stairways and landings at night, car parking, where provided, should also be adequately lit. Those who are accommodating downstairs provided

particular safety and security. Most important is the night duty and day duty to look after the hotel to create a safe and secure atmosphere for tourists.

The physical evidence sub -factor cleanliness/sanitation showed high importance level that is very important in making decision to select hotel.

The cleanliness and physical upkeep of the hotel strongly affect how guests perceive the property. The guests not only judge a hotel by its cleanliness, but also by attitude shown by the housekeeping staff.

Secondly, the people factor is also important. The results show that non-Indians and Indians give importance to employee attitudes when they make decision for the hotel.

The results of gender also show that females expected more from the souvenir shops than males at a statically significant level. This is because females enjoy shopping and want everything to be perfect, with high quality and reasonable price. Moreover, females have high experience in purchasing goods and they have a high level of expectation from the souvenir shops.

However, from the performance results, males showed dissatisfaction with the souvenir shops maybe as they were more discouraged by the high price structure or the behaviour of the salesperson. In order to satisfy them, hotels should have more local products, at reasonable fixed price, and a friendly sales person who is courteous.

The gap results show males were dissatisfied with the room quality with amenity packages and timely and efficient room service as compared to females. Males were dissatisfied because room decoration was not in traditional style. In addition, they were not happy with room service, for example; they might have ordered a couple of vodka drinks but were not available or not served on time. Due to all these small issues, male customers were disappointed.

For the satisfaction of customers, rooms should be decorated in traditional style with minimum decoration that is appealing to both genders. It would be appreciable if value added products and service are provided for guests in the bed room, such as tea/coffee making facilities, fresh milk available on request, consumables kept wrapped , all available TV channels properly tuned in , convenient sufficient power sockets, hotels services and facilities advertised in bedrooms, ashtrays (if smoking is permitted), and drinking tumblers per guest.

For the satisfaction of males and females, cleanliness, bed comfort, and functioning of appliances within the room are often key indicators of the room service quality. A common cause of service failure relates to timing issues. Most timing problems can be categorized as either too slow (delays or wait times) or too fast (inappropriate timing). For instance, in a study of restaurant patrons, 38% of respondents indicated failures as attributable to time delays (Sparks, 1998). Timing failure also includes waiting in line to check in and out of a hotel. As mentioned, not only do delays contribute to failures, but poor timing in general is also an important problem. For, instance, a timing failure occurs in a restaurant when waiters bring out the main course before the customers have finished their appetizer.

Service recovery is the process of dealing with a service failure situation with the aim of restoring the customers' satisfaction. Recovery techniques usually involve attempts to rectify the service breakdown but may also entail providing customers with explanations about the service failure, apologizing, making offers of compensation, and being courteous in the process.

To conclude, the results show that gender is related to the levels of customers' expectations and performance of hotels with souvenir shops, quality rooms with amenity packages, and timely and efficient room service.

The gap results indicate that there was highly significant difference between the different age groups on the levels of satisfaction. Customers in the age group of 36-45 years were not satisfied with the room quality as compared to other age groups at a highly significant level. This age group was dissatisfied probably because they did not get a room with a comfortable bed and a table lamp to read books. From the comments of the guest, we come to know that most of the hotels' beds were not up to standard size and mattresses were uncomfortable to sleep. Hotels should be very careful about the size of the bed as most of westerners are very tall and the bed size should be of standard size. Moreover, mattresses need to be replaced by softer more comfortable ones.

From the age group of 26-35 years, 26 % of them were not satisfied with the wake up call facilities at a statically highly significant level. For instance, these age groups were those who were health conscious, as they wanted to go for morning walks but because of delayed wake up calls, they missed their morning walk. They were also disappointed with the service quality of the hotel. To further prevent this problem, hotels should provide alarm clocks or have responsible staff in charge of wake up calls.

About 63 % of customers over 65 years were unsatisfied with cleanliness at a highly significant level comparing to other age groups. Firstly, those customers who were in the age group of over 65 were senior citizens. Among them, many senior citizens could be successful retired business executives and entrepreneurs who have saved and invested money successfully. These individuals have more experience travelling and staying in comfortable hotels. Though they did not expect much from Bhutan hotels, they do expect to have clean rooms with proper sanitation facilities.

Again, those customers who were over the age of 65 were not satisfied with stone baths at a significant level. Maybe these age groups were not happy because they were not used to taking baths in hot water. To encourage them, water temperatures should be low with benefits providing mineral stone for health benefits.

The age groups of 56 years and above were dissatisfied with menu variety at a significant level.

These results indicate that there is a correlation between age and the level of satisfaction with wake up calls, cleanliness, stone baths, and menu variety.

Moreover, age is related to the levels of customers' expectation with salon, fitness club, and wake up call facilities whereas, there is a relationship among the various ages on the levels of performance with hotel environment, sanitation, room quality, room service, wake up call, cleanliness, menu, buffet, and internet access.

The results show that Indian tourists have higher expectations of a fitness club compared to Non - Indians. Indian customers expect to have proper equipment in the fitness club with a specialized trainer. Also, for the room quality with amenity packages, sanitation facilities, and internet access, Indian tourists' expectations were high. Majority of Indian tourists have come for holiday/pleasure with family, and so they want to have a big room with basic facilities available. As sanitation being necessity, Indian expects to have clean hotels. Regarding internet access, they also expect the network should be fast.

The results of performance points out that Indian tourists did not have good experiences with souvenir shops, timely and efficient room service, wake up call, menu variety, buffet, employee responsiveness, and employee attitude at a highly significant level. Maybe because of the costly products, they were not satisfied or they did not get different varieties of local products. There should be local products, which are appealing to the price structure of the Indian tourists.



As most Indian come with their family, they prefer to have connecting rooms which are not available at the moment. They were dissatisfied with room service as the services were not available after 8 pm.

For the wake up call facilities, the clerks who are in charge did not wake them on time and they were late to visit some places which were very far. Hoteliers should appoint a responsible person.

For the menu varieties, Indians were unsatisfied due to their religion where they do not eat pork and beef and there were no specific Indian dishes. For satisfaction, hotels should provide varieties of Indian dishes along with a vegetarian menu.

The negative gap results show that Indians were also dissatisfied with the room quality and room service at a statistically significant level. Hence, nationality has a significant difference or relationship on the levels of customers' satisfaction with room quality with amenity packages.

From the purposes of visits, those who come for visiting friends/relatives had high expectations for Internet access at a statistically significant level.

From performance, it shows that those who came for the purpose of business were not happy with the environment of the hotel comparing to "other" purposes at significant level.

Performances of a salon were not appreciated by the meeting/seminar purpose at a statistically significant level. Those coming for the purpose of business did not appreciate room service, menu variety, and employee responsiveness at a highly significant level.

From the performance of stone baths, those who came for the purpose of attending a meeting/seminar were unsatisfied at a statically significant level.

Also, visitors who came for business purposes were not satisfied with the performance of room service at a highly significant level. Business travellers prefer to have rooms with a service and amenities that business people need, prefer, or demand.

Those who come for the meeting/seminars were dissatisfied with the performance of stone bath whereas visiting friend /relative were satisfied at a significant level. In order to satisfy them, there should be a good system of water filtration before directly putting them in the tub.

Visitors who came for business purposes were not satisfied with the performance of menu variety and employee responsiveness at a statically significant level,

as they prefer to have food that can be cooked fast. However, it was not available on the menu. There should be a fast food or a snack that cooks faster for those guests who are in a hurry. In general, to gain customers' satisfaction hotels should provide facilities such as food in the open, where customers could see, select, and order to cook for them.

Business guests were also unsatisfied with the service and so, employee responsiveness and a genuine helpful attitude are very important in the hospitality industry as being a people oriented industry. All the staff should be very courteous to whomever they contact. It is very welcoming if the staff greets guests with the smile on the face. It makes the guest feel comfortable and satisfied.

The gap results show that guests visiting friends and business guests were dissatisfied with hotel environment at a highly significant level. These guests need a quiet, relaxing place to sit and talk with their relatives/friends or a business client, which were not available in the hotels where they stayed. Also, privacy is important as well.

Those who come for "other" purposes were dissatisfied with souvenir shops at a highly significant level. For meetings/seminar guests, they were displeased with salons at a statistically significant level. Those who come for "other" purposes were also annoyed with the fitness clubs at a highly significant level. Official visitors were unsatisfied with room quality with amenity packages at a highly significant level .010. Those who came for business purposes were unhappy with the room service at a highly significant level ( $p \leq 0.01$ ). Again, "others" purpose visitors were displeased with wakeup call facilities at a highly significant level ( $p \leq 0.01$ ). In considering menu variety, business visitors were unsatisfied at a highly significant level ( $p \leq 0.01$ ). In contrast, "others" visitors were not happy with the buffet at a highly significant level ( $p \leq 0.01$ ). Again, with employee responsiveness, "others" were displeased at a highly significant level ( $p \leq 0.05$ ). Finally, all-purpose visitors were pleased with employee attitude at a significant level ( $p \leq 0.19$ ).

### SWOT analysis of Bhutan hotels

From the analysis of primary data, interview with managers and secondary data about Bhutan hotels and its current marketing strategies SWOT was analyzed .The SWOT analysis for marketing strategies to develop value- added products and services could be mentioned as follows:

#### Strengths

1. Because of the unique culture, environment and rich tradition in hospitality, many tourists like to visit Bhutan which could help hotels to generate more revenue.
2. Hotels in Bhutan get support from government policy such as tax exemption and tax holidays for three years to help hoteliers get an easy license and investors for foreign countries.
3. Government provides technical support, like in country and abroad training.
4. It is very lucky for hoteliers as there is no problem caused due to political stability.

#### Weaknesses

1. Homogenous strategy (e.g. no product differentiation)
2. Majority of employees are unprofessional as they are not trained in hospitality management and, especially in C grade hotels, most of the employees are primary level education or uneducated.
3. The services provided are not up to the level of international hotel standards.
4. Hotels lack international standard infrastructure and facilities, for example, no five star hotels in Bhutan.
5. There are lack of adequate pay results which leads to poor work ethics and employee motivation.
6. There are worker shortages and stringent foreign labor policy and the difficulty to obtain visas aggravates the problem even more.

7. The strict government policy of tariff charges (200 USD/ day) reduces the number of tourists visiting Bhutan, which leads to low occupancy rates.
8. The high tariff charge is not comparable with the quality of hotel provided.
9. There are no seasonal tourist attractions.

### **Opportunities**

1. There are only a few standard hotels and this gives more opportunities for upcoming hotels.
2. Developing untapped areas in tourism industry, such as kayaking, bird watching, rafting, rock climbing, etc., could lead to more tourists, which in turn would be beneficial to hotels.
3. The recent liberal Foreign Direct Investment (FDI) policy of the government could lead to improvement in the standards of hotels in Bhutan.
4. The government's decision to join WTO, membership in SAFTA, could mean domestic hoteliers could expand internationally.

### **Threats**

1. If there is more Foreign Direct Investment (FDI), it could mean tough competition for the domestic hoteliers.
2. If there is more arrival of international hotels, chains could take away the unique charm of Bhutanese hotels (architectural design).
3. The Tourism policy unaligned with liberal FDI policy (Expensive visa combined with liberal FDI policy) could lead to a dramatic discrepancy between the number of tourist and the number of hotels.
4. Due to imminent change in government, the system (2008 democracy) could lead to an uncertain future.

### 4.3 Recommendations

To provide recommendations for developing marketing strategies for creating value added products and services in Bhutan hotels are as follows:

In order to develop marketing strategies for hotels in Bhutan, segmentation should be considered according to the purpose of visit as recoded by DoT that the tourists mostly come for the trekking/cultural purposes. The survey results also show that Non-Indian tourists mainly come for holiday/pleasure (trekking/cultural) at 79 %, secondly they come for business purpose at 8%, thirdly official at 6%, fourthly visiting relative/friend at 3%, fifthly, meeting / seminar and others at 2.36 % and 3.15% respectively. On the other hand, Indian tourists also come for holiday/pleasure purpose at 50 %, secondly official at 28 %, thirdly business at 19.5%, fourthly visiting relative/friend and others at 1.2 %.

The Target market: The marketing segmentation was done based on the purpose of the visit and the main target market, according to the results, should be holiday/pleasure for both non-Indian and Indians. After deciding the target market, the hotels in Bhutan should position as purely traditional style hotels with a unique charm of Bhutanese hospitality.

Hoteliers should know the products and services that holiday /pleasure visitors were satisfied and dissatisfied with. The results show that they were unsatisfied with souvenir shops, sanitation/cleanliness, menu variety and internet access. Therefore, Bhutan hotels should give importance to improve in these areas to attract those holiday/pleasure purpose customers and than allocate the marketing resources through the marketing's mix.

The state of marketing mix allocation has to be done by developing 7P's, which are product, price, place, promotion, people, physical evidence and process. The developing marketing strategies for hotels in Bhutan are recommended as follows:

### **4.3.1. Product strategy**

#### **4.3.1.1 Product development**

Hotels should develop new products, which can be obtained through acquisition or through new product development. The examples of new product development are new Bhutanese cuisine (i.e. modification of existing products) or the development of new such items as a salad bar for health conscious people, or fast food, etc. According to the results, non-Indians and Indians who came for the holiday/pleasure purpose were unsatisfied with the souvenir shops, so hotels need to improve souvenir shops by introducing new varieties of local products such as traditional architecture models of homes, hand woven cloths, ancient style paintings, postcards, etc. In addition, importance should be given to develop support services such as transportation to hospitals, car rental etc., as both non-Indians and Indians gave high importance levels for decision making in selection of hotel.

If the hotel target markets are Indians, it is necessary for hotels to provide different Indian menus. Adapted from the literature review Poon (1993) has showed that value could be added by providing fresh vegetables and fruits grown by local people or hotels. For their satisfaction, varieties of Bhutanese cuisine could be developed for the taste of both Indian and non-Indians. Moreover, for the Indian guests, there should be some specific food as majority of the Indians do not eat beef and pork. There should be varieties of vegetarian food for those vegetarian customers.

#### **4.3.1.2 Product diversification**

Bhutan hotels need to add value to hotels by providing diversification of different products for both non-Indian and Indian such as packages on 'Thanka' paintings, offering seminars on textile and arts and crafts, trekking, horse riding, local farming, and staying in a monastery.

#### **4.3.1.3 Product differentiation**

Bhutan hotels should also give importance to product differentiation. Product differentiation should be able to persuade the customers that the products offered are superior to competitors in some way. Differentiation should be based on premium product features or simply upon creating consumer perceptions that a product is superior. Hotels should be able to differentiate their products from one another by keeping in touch with unique Bhutanese traditional architecture, hospitality and providing different products and services.

Firstly, product differentiation should be done in terms of design of the hotel, location, performance of the hotel, and etc. Secondly, product differentiation can be done by offering a superior level of service, such as hotels offering a high ratio of staff to guests. Thirdly, product differentiation can be done by creating a strong brand name through design, innovation, and advertising. Fourthly, by superior product promotion. Finally, a differentiation strategy should reduce price elasticity of demand for the product in order to raise the price above that of competitors without reducing sales volume, thus generating above-average profits.

For the Indian markets, as results show, since most come with their family, hotels can differentiate by providing connecting hotel rooms, family rates, and family style meals at moderate prices and applying them to the entire family. Also for the interest of non-Indians, it is necessary to provide multi-Bhutanese cuisine suitable for their tastes, Bhutanese style cooking classes, and cultural shows as they mostly come for the cultural purpose.

Hoteliers should also emphasize that real satisfaction has come from the knowledge they have developed a high quality, distinctive and unique product that helps customers to be loyal and get consistent positive feedback.

#### **4.3.1.4 Product market penetration**

Hotels products should do better than the existing product to penetrate the market. Hotels should sell more to existing customers by increasing check averages or up selling guests to a better level of accommodation. Hoteliers should be able to persuade the customer and increase their length of stay to increase the double occupancy rates. In order

to achieve market penetration, hotels in Bhutan should attract non-users from the existing market by offering special rates aimed principally at the middle class who are price sensitive (e.g., students, seniors, people in the armed forces, educators, and so on).

#### 4.3.1.5 Market development

Hoteliers in Bhutan should adopt franchising in order to develop in the market.

#### 4.3.2 Price strategy

As from the interview results it is known that the majority of hotels fix their price on assumption basis. Therefore, the price of a room in a hotel should take into account several factors, such as location, type of property, the services and amenities offered, the target market, and current economic conditions. Further needs to consider are supply and demand and the business cycle. Hotel prices should differ on seasonal basis and some promotion activities could reduce the seasonal problems, such as student and senior citizen discounts, family value deals, and coupons as examples of specials offered to entice customers to use a hotel.

The guests who use the coupons or weekend prices will be pleased with the service and return again even when prices are not discounted. The discounting prices during slow season should be taken into account, as the Indian tourists were more conscious on prices of rooms comparing to non-Indians.

Moreover, weekend packages should also be developed for Indians during the off seasons. Another option during off-season is to give some comprehensive training for the staff. Hotels should consider psychological pricing and should avoid even numbers when setting prices for rooms. The pricing should coincide according to the quality provided in rooms of hotels. Also hotels need to set different prices for different categories of people, such as senior rates, group rates, airline rates, travel agent rates, etc. Finally, hotel management should know the break-even point where revenue, the money from sales, equals the cost of running the property.



### **4.3.3 Place strategy**

#### **4.3.3.1 Place as presentation**

Hoteliers should give importance to the appearance of the place where hospitality services as it creates the impression of the hotel. Firstly, they should take into account exterior appearance that makes the first impression. Then the interior should be considered in terms of proximics; that is, layout, as it relates to traffic flow. A second consideration is atmospheric design intended to create attention, to suggest the quality of experience, and to affect the guest's feelings. All of the senses are used to achieve atmospheric effects.

#### **4.3.3.2 Place as channels of distributions**

Another important thing hotels should consider is the channel of distribution. The products and services provided by the hotels should be able to reach to the target market. Hotel properties should be very convenient for guests to reach.

#### **4.3.3.3 Place as a location**

For the interest of non-Indians, hotel properties should be close to natural places as survey results show that non-Indians give high importance to natural places. On the other hand, for the interest of Indians, importance should be given to accommodation near town.

### **4.3.4 Promotion strategy**

Hoteliers need to improve the quality of products and services, which can create good word of mouth .The interview results show that most of the Bhutan hotels' promotions were by word of mouth and contact with the travel agencies and government offices. Therefore, to have an effective promotion strategy, the hoteliers should combine advertising, personal selling, sales promotion, direct marketing, and publicity into a coordinated program for communicating with buyers and others who affect purchasing

decisions. Promotion should also be able to inform people about products and persuade the company's buyers, channel organizations, and the public at large to purchase brands.

Also from the results, websites are the most important factor for both non-Indians and Indians to get the information about the hotels. It is very important for hotel management to keep good relationships with travel agents as majority of tourists come through them. During off season, hotels should promote by offering midweek hotel accommodation, discount dinners, free breakfasts, tote bags with gift items, complimentary use of gift wrapping supplies and other shopping perks at special rates from \$49 per night, per person based on double occupancy.

Moreover, importance should be given to components of promotion strategies such as advertising, personal selling, sales promotion, and public relations.

#### **4.3.5 People**

Hospitality industry is a people oriented business, therefore, it should give importance to select, train and motivate employees who in turn can make a huge difference for customer satisfaction. The primary activities (adapted from Poon, 1993) are examples of how value might be added to services offered. For instance, a front desk employee can add value by greeting with a smile and checking the customer in and out without delay.

The study results show that employee attitudes and employee responsiveness are very important for both Indians and non-Indians. Management should give employee empowerment. This encourages them to go beyond their normal job to solve customers' problems. They should also develop team-working levels of training and outsourcing. Therefore, hoteliers should educate their employees to improve their attitudes and standards of services for the highest quality to achieve the value for money of the guests as well as a training program to improve the employee skills, attitude of service, courtesy of staff to motivate the guests. After the training, the employee should be competent, have a caring attitude, be able to respond quickly, show initiative, be able to solve problems, and have good will. Employees should be given empowerment as they are the first to hear the guests' complaints and can satisfy the customers. This might involve offering an upgraded room for lower price, not charging the guest for one night, or giving the guests a free breakfast coupon.

Moreover hoteliers in Bhutan need to increase the number of employees to develop value-added services. Meanwhile, grade B hotels should give importance to expanding the number of rooms available for sale as well as upscale positioning, which will generate significantly greater value added for medium-sized hotels. The value added by large hotels can be significantly enhanced when they are managed by a branded management company and are company owned.

#### **4.3.6 Physical evidence**

The results indicate that non-Indians and Indians who came for holiday/pleasure purpose were not satisfied with the physical evidence sub factor such as cleanliness/sanitation. Therefore, it is very important to develop training programs for employees in the areas of cleanliness and sanitation.

#### **4.3.7 Process**

Hotels should choose among different processes to deliver their service. Restaurants needs to develop in different formats such as cafeteria style, fast food, buffet, candlelight service, and accessibility of check in and check out. This was shown to have high importance by both nationality groups.

### **4.4 Recommendations for Future Research**

This research concentrates on current marketing strategies of Bhutan hotels in order to develop marketing strategies in creating value-added products and services for Bhutan hotels.

This research has limitations, which will be improved through future work. Firstly, the investigation has only been done in five districts of Bhutan, while a further study on sub-standard hotels would provide more interesting data. This research focused only on the non-Indian, Indian tourists and managers/owners of the hotels who stayed in A, B, C grade hotels. A further investigation into the Bhutanese tourists is also necessary in order to discover how they select hotels and provide products and services as per their

interest. It would be interesting to administer comparative study among all grades of hotels in terms of decision making process of the tourists.

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