



**The emergence of marketing strategies under increased hotel competition:  
A case study of hotel chains in Patong, Phuket, Thailand**

**Wilawan Chiammanasombut**

**A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of Master of  
Business Administration in Hospitality and Tourism Management  
(International Program)**

**Prince of Songkla University**

**2016**

**Copyright of Prince of Songkla University**



This is to certify that the work here submitted is the result of the candidate's own investigations.  
Due acknowledgement has been made of any assistance received.

\_\_\_\_\_Signature

(Dr. Ilian Assenov)

Major Advisor

\_\_\_\_\_Signature

(Miss Wilawan Chiammanasombut)

Candidate

I hereby certify that the work has not already been accepted in substance for any degree, and is not being concurrently submitted in candidature for any other degree.

\_\_\_\_\_Signature

(Miss Wilawan Chiammanasombut)

Candidate

**ชื่อวิทยานิพนธ์** กลยุทธ์การตลาด ภายใต้การแข่งขันที่มีคู่แข่งเพิ่มขึ้น: กรณีศึกษาโรงแรมในเครือ  
ในเขตป่าตอง จังหวัดภูเก็ต

**ผู้เขียน** นางวิลาวัณย์ เจียมมานะสมบัติ

**สาขาวิชา** การจัดการการบริการและการท่องเที่ยว (หลักสูตรนานาชาติ)

**ปีการศึกษา** 2558

### บทคัดย่อ

ภูเก็ต โดยเฉพาะหาดป่าตองเป็นสถานที่ดึงดูดนักท่องเที่ยวมาตั้งแต่ปี 2513 นักลงทุนได้วางแผนและตัดสินใจที่จะเปิดโรงแรมใหม่ภายใต้โครงสร้างพื้นฐานของโรงแรมในเครือ (Hotel chain) ในพื้นที่ที่เฉพาะเจาะจง โรงแรมในเครือ (Hotel chain) มีความตั้งใจที่จะเพิ่มส่วนแบ่งทางการตลาด ดำรงไว้ หรือ ส่งเสริมให้ตราสินค้าได้รับความนิยม และ/หรือ ใช้เป็นเครื่องมือของกลยุทธ์ในการแบ่งส่วน

วิทยานิพนธ์เล่มนี้จัดทำขึ้นเพื่อมุ่งค้นหาคำตอบตามวัตถุประสงค์ดังต่อไปนี้ (1) เพื่อเปรียบเทียบกลยุทธ์การตลาด ระหว่างโรงแรมที่มีเครือข่าย (Hotel chain) ที่เปิดกิจการในปี 2555-2557 กับโรงแรมที่มีเครือข่าย (Hotel chain) ที่เปิดกิจการการก่อนปี 2555 (และโรงแรมในเครือที่เปิดขึ้นเอง) ในป่าตอง (2) เพื่อเปรียบเทียบกลยุทธ์ทางการตลาดของโรงแรมในเครือภายในประเทศ (Domestic Hotel chain) กับ โรงแรมในเครือต่างประเทศ (International Hotel chain) งานวิจัยฉบับนี้ใช้กระบวนการเก็บข้อมูลเชิงคุณภาพเป็นเครื่องมือในการค้นคว้าหาคำตอบจากการสัมภาษณ์ตัวต่อตัวกับผู้บริหารระดับสูง หรือ ผู้จัดการฝ่ายขาย ของโรงแรมที่มีเครือข่ายต่างประเทศ และเครือข่ายภายในประเทศตั้งแต่ช่วงเดือน ตุลาคมจนถึง ธันวาคม 2557 ใช้การเลือกสุ่มกลุ่มตัวอย่างแบบเจาะจงโดยเลือก โรงแรมที่มีเครือข่ายในพื้นที่ป่าตอง จำนวนทั้งสิ้น 14 โรงแรม

ผลจากการสำรวจชี้ให้เห็นว่า โรงแรมที่มีเครือข่ายทั้งสองกลุ่ม ใช้หลัก 7P Marketing Strategy ในการบริหารงาน โดยโรงแรมที่มีเครือข่ายที่เปิดก่อนปี 2550ให้ความสำคัญไปที่ 1) ผลិតภัณฑ์ 2) สถานที่ และ 3) ราคา เป็นตัวหลักของการบริหารกิจการโรงแรม สำหรับโรงแรมที่มีเครือข่ายที่เปิดกิจการตั้งแต่ปี 2555 ถึงปี 2557 นำหลัก 7P Marketing Strategy มาใช้ในการดำเนินกิจการเช่นกัน โดยในช่วงปีแรก จะเน้นไปที่ 1) ราคา 2) ผลิตภัณฑ์ และ 3) สถานที่ ที่ซึ่งมีความแตกต่างในลำดับการใช้ Marketing strategy กับโรงแรมในเครือที่เปิดก่อนปี 2550 โรงแรมที่เปิดขึ้นใหม่ จะเน้นไปในเรื่องการประชาสัมพันธ์ในนักท่องเที่ยว และบริษัททัวร์รู้จัก ตัวโรงแรมมากกว่าจะมุ่งเน้นในด้านผลกำไร จึงเป็นเหตุผลให้โรงแรม เน้นทำโปรแกรมส่งเสริมการขาย และลดราคาให้ต่ำลงในช่วงปีแรกโดยใช้กลยุทธ์ ทะเลสีแดง (Red Ocean Strategy)

แข่งขันในภาคธุรกิจโรงแรมด้วยกัน โรงแรมในเครือที่เปิดก่อนปี 2555 ก็มุ่งเน้นไปในด้านการปรับปรุงคุณภาพของสินค้าและบริการ พร้อมกันนำเสนอกลยุทธ์ น้ำทะเลสีน้ำเงิน (Blue Ocean Strategy) ดังนั้นลูกค้าจะได้รับสิ่งตอบแทนคุ้มค่ากับเงินที่จ่ายไป นอกจากนี้ ตราสินค้า ยังมีส่วนช่วยสนับสนุนการเลือกใช้บริการ โรงแรม ของประชากรทั้งสองกลุ่ม ตราสินค้ายังคงสร้างความน่าเชื่อถือ และความจงรักภักดีของลูกค้าให้กลับมาใช้บริการอย่างต่อเนื่อง

วิทยานิพนธ์ชิ้นนี้เป็นประโยชน์อย่างยิ่งต่อกลุ่มนักลงทุนหรือผู้ที่สนใจที่จะลงทุนสร้างโรงแรมใหม่ ในพื้นที่ป่าตอง นอกจากนี้ผลงานของงานวิจัยยังเป็นประโยชน์ทางอ้อมที่จะช่วยให้หน่วยงานข้าราชการท้องถิ่นในการดำรงรักษาความยั่งยืนของการท่องเที่ยวในป่าตอง

**คำสำคัญ :** กลยุทธ์ทางการตลาด, โรงแรมที่มีเครือข่าย, โรงแรมที่เป็นตัวหลัก, ตราสินค้า, กลยุทธ์ทะเลสีแดง, กลยุทธ์ทะเลสีน้ำเงิน, ป่าตอง, ภูเก็ต

**Thesis Title** The emergence of marketing strategies under increased hotel competition:  
A case study of hotel chains in Patong, Phuket, Thailand.

**Author** Ms. Wilawan Chiammanasombut

**Major Program** Hospitality and Tourism Management (International Program)

**Academic Year** 2015

### ABSTRACT

Phuket, particularly Patong beach, has attracted visitors since the 1970s. Investors are planning to make decisions to open new hotels within an existing hotel chain infrastructure and in specific geographical areas. Hotel chains aim to increase their market share, maintain or encouragement brand has good reputation, and/or implement a segmentation strategy.

The objectives of this research are: (1) to compare the marketing strategies used by newly-opened (2012-2014) and pre-existing hotel chains (opened before 2012) and their individual satellites in Patong and, (2) to compare the marketing strategies used by domestic and international hotel chains. Qualitative method had been used by interviewing executive managers or sales and marketing managers from October to December 2014. Purposive sampling methods were used in selecting 14 chain hotels.

The results indicated that both populations commonly used the 7Ps marketing strategy to operate their businesses; pre-existing hotels give significance to three elements: 1) Product 2) Place and 3) Price. Newly-opened hotels also used the 7Ps marketing strategy, but respondents gave more importance to these three elements: 1) Price 2) Product and 3) Place, which has a different sequence to that of pre-existing hotels. Newly-opened hotels focused on promoting their establishments by applying a Red Ocean Strategy for the first year. Pre-existing hotels emphasized improving the quality of products and services by implementing a Blue Ocean Strategy, so that the customers could receive more value for money. In addition, brand image was used as an essential element in supporting their product that could create customer loyalty.

The results of this study can be beneficial for investors and marketers who are involved in these businesses in Patong area. In addition, these results could indirectly assist the local government in maintaining sustainable tourism in Patong.

**Key words:** Marketing strategy, Hotel Chain, Chain hotel, Brand, Red Ocean Strategy, Blue Ocean Strategy, Patong, Phuket

## ACKNOWLEDGEMENTS

The thesis “The emergence of marketing strategies under increased hotel competition: A case study of hotel chains in Patong, Phuket, Thailand” would not have been accomplished without the guidance, kindness, and encouragement from many people, especially my advisor, Dr. Ilian Assenov who always offered support and gave valuable suggestions and comments for my research.

I would love to extend my deep appreciation to all the 20 executive level and sales manager of the hotel chains in Patong that allowed me to collect the data in their properties; moreover, thanks to all respondents for completing the answers in the questionnaires. Deep thankfulness goes to all of the lecturers who have taught me a greater level of knowledge and all of my MBA friends, especially Khun Patchawan Anuntakisopon and Khun Suporn Pongsanugulwate who always gave advice and support to encourage me and have been helpful and kind during the completion of this study. I would like to give special thanks to Ajarn Khansawad Khinthaow who assisted me with grammar and checking writing and special thanks to my best friend Khun Tossaporn Songkeaw who stood beside me with understanding of my responsibilities and always gave me moral support when I felt like giving up and quitting this program.

Last but not least, my graduation would not be achieved without support from my bosses, Mr. David Good and Mr. Winfried Hancke, who gave me great encouragement and allowed me to study this MBA program while working, and taking care of my family. I have had to focus on my work-life balance as suggested by Dr.Naree. Finally, grateful and special thanks to my husband, Khun Kewit Sangset who always looked after my son and assisted me while I was spending so much time studying. Without all of them, I would not have completed this on time.

Wilawan Chiammanasombut



## CONTENTS

	<b>Page</b>
หน้าอนุมัติ.....	ii
บทคัดย่อภาษาไทย.....	v
<b>Abstract</b> .....	<b>vi</b>
<b>Acknowledgements</b> .....	<b>viii</b>
<b>Contents</b> .....	<b>ix</b>
<b>Lists of Tables</b> .....	<b>xii</b>
<b>Lists of Figures</b> .....	<b>xiii</b>
<b>List of abbreviation and symbols</b> .....	<b>xiv</b>
<b>Chapter</b>	
<b>1 INTRODUCTION</b> .....	<b>1</b>
1.1 Background.....	1
1.2 Statement of the problem.....	2
1.3 Aims and objectives.....	9
1.4 Research Questions.....	10
1.5 Significance of the Study.....	11
1.6 Scope of the Study.....	11
1.7 Definition of Key terms.....	12
1.8 Research Flowchart.....	13
1.9 Conceptual Framework.....	14
<b>2 RELATED CONCEPTS, THEORY, AND LITERATURE</b> .....	<b>15</b>
2.1 Overview of the Hotel Industry in Phuket.....	16
2.1.1 Hotel Chains in Phuket and their definition.....	16
2.1.2 Hotel Chains (International and Domestic) in Patong.....	19
2.2 Overview of Marketing Strategies for Hotels (MSH).....	20
2.2.1 Marketing Mix Strategy – 4Ps, 4Cs and 7Ps.....	21
2.2.1.1 Pricing strategy.....	23
2.2.1.2 Hotel Employee.....	27

## CONTENTS (Continued)

	<b>Page</b>
2.2.1.3 Brand strategy.....	27
2.2.2 Red Ocean Strategy.....	30
2.2.3 Blue Ocean Strategy.....	31
<b>3 METHODOLOGY.....</b>	<b>33</b>
3.1 Target population.....	33
3.2 Sample and Sampling Method.....	33
3.3 Type of Research.....	34
3.4 Research Instruments.....	34
3.5 Data Collection.....	35
3.6 Content Analysis.....	35
3.7 Pretest Survey.....	35
<b>4 RESULTS OF THE STUDY.....</b>	<b>36</b>
4.1 Product Section.....	37
4.2 Place Section.....	40
4.3 Price Section.....	43
4.4 Promotion Section.....	45
4.5 People Section.....	46
4.6 Process Section.....	48
4.7 Physical Evidence Section.....	48
4.8 Brand Section.....	49
4.9 Others Section.....	53
<b>5 CONCLUSION, DISCUSSION, AND RECOMMENDATIONS.....</b>	<b>56</b>
5.1 Conclusion.....	57
5.2 Discussion.....	58
5.3 Recommendations for marketing strategies for hotel chains in Patong.....	64
5.4 Limitations.....	65

## CONTENTS (Continued)

	<b>Page</b>
5.5 Suggestions for Future Research.....	66
5.6 Contributions of the study.....	67
<b>Bibliography.....</b>	<b>68</b>
<b>Appendix</b>	<b>72</b>
A: Population of Hotel Chains in Patong, Phuket Thailand.....	72
B: List of Hotel Interviews.....	73
C: Interview Checklist.....	74
D: Further details of each hotel chains in Patong.....	79
E: Further detail of each chain in Phuket.....	83
F : Certification.....	93
<b>Vitae.....</b>	<b>94</b>

## LIST OF TABLES

	<b>Page</b>
1.1 Comparison the growth of accommodation and visitor travellingto Phuket between 2009 and 2011.....	2
1.2 Comparison of the growth of visitors travelling to Phuket between 2009 and 2011..	3
1.3 List of hotels in Phuket opening between 2012-2016.....	4
1.4 Top 10 favorite beaches in Phuket.....	
2.1 Number of hotels and total accommodation in Phuket.....	16
2.2 List of Hotel Chains in Patong.....	19
2.3 4Ps of marketing given by McCarthy, and the 4Cs.....	21
2.4 4Ps Marketing Mix Sub-Categories.....	22
2.5 Red Ocean Strategy versus Blue Ocean Strategy.....	32
4.1 Sample room categories of Holiday Inn Resort Phuket and Millennium Hotel Patong (4 star hotel).....	38
4.2 Sample room categories of Centra Ashlee Hotel Patong and Ibis Patong (3 star hotel).....	39

## LIST OF FIGURES

	<b>Page</b>
1.1 International Tourists Arrival to Thailand 2002-2013.....	1
1.2 Market share of Low cost Airlines 2013.....	6
1.3 Compound Annual Growth Rate (CAGR).....	7
2.1 Extended Product Marketing Mix. The extended 7Ps.....	23
2.2 The 7Ps of contemporary Marketing.....	24
2.3 Blue Ocean marketing strategy concept and principles.....	31
2.5 Cost structure and Buyer values.....	32
4.1 Research target population hotel chains in Patong, 2014.....	37
4.2 Parameters of Marketing Mix-Product.....	37
4.3 Parameters of Marketing Mix - Place.....	40
4.4 Parameters of Marketing Mix - Price.....	43
4.5 Parameters of Marketing Mix – Promotion.....	45
4.6 2x2 matrix 2 factors (pre- Vs newly-opened) compared with 2 other factors (domestic Vs international chains).....	51
5.1 Pyramid target of customers visiting Patong.....	57
5.2 Four Principles of Blue Ocean Strategy.....	64
5.3 3 Elements to survive the business.....	65

**LIST OF ABBREVIATION AND SYMBOLS**

ARR	Average Room Rates
RevPAR	Revenue Per Available Rooms
LCAs	Low Cost Airlines
TAT	Tourism Authority of Thailand
CAGR	Compound Annual Growth Rate
THA	Thai Hotel Association
PTA	Phuket Tourism Authority
IHG	InterContinental Hotel Group
PR	Public Relation
MHC	Multi-national Corporations
R&D	Research and Development
CSR	Corporate Social Relationship
WOM	Word Of Mouth
ROS	Red Ocean Strategy
BOS	Blue Ocean Strategy
STP	Segmentation, Targeting, Positioning
CRM	Customer Relationship Management
IMC	Integrated Marketing Communication

## CHAPTER 1

### INTRODUCTION

#### 1.1 Background

Thailand has become a popular destination for tourists from around the world and gracefully provides services and warm hospitality to visitors. There are always new hotels, resorts and various types of accommodation to support both international and domestic tourists. Tourism has become a major part of Thailand's economy, because it has aspects of both growth and stability. Besides, tourism generates high income for the country and encourages the employment of people to work in service industries such as in hotels, restaurants, souvenir shops, and entertainment locations (Ministry of Tourism & Sport, 2012).

Figure 1.1 demonstrates the number of international tourist arrivals to Thailand between 2002 and 2013. As an overall trend, it is clear that the number of tourist arrivals gradually increased to 2010, after which the numbers of visitors boomed by 12.6 million in 2013 (Ministry of Tourism & Sport, 2013).

Figure 1.1 International Tourists Arrival to Thailand 2002-2013



Note: Number of tourists excludes overseas Thai Source: Tourism Authority of Thailand (2001 – 2012), Department of Tourism (2008 – 2012), Ministry of Tourism and Sports

Additionally, the geography of country has different geo-socio-cultural criteria and each criterion is its own entity that supports broad and deep tourism in the country. Furthermore, the E-Journal of Thailand in brief (2014) delineated the six major interest types of tourism in Thailand as: 1) Ecotourism 2) Conservation tourism 3) Historical tourism 4) Cultural tourism 5) Rest and relaxation tourism 6) Recreational tourism.

## 1.2 Statement of Problem

According to Bill Barnett (2012), in the twelve months from the middle of 2011 until the middle of 2012, market growth and occupancy rates closed at 75%. Average room rates (ARR) and RevPAR increased by 5% and 8% respectively. The results from Tourism Authority of Thailand in Phuket recorded the island's registered accommodation at 20,744 rooms as of July 2013 and forecasted that a total of 5,080 new rooms would be available in the market by 2015, an increase of 11% of the previous inventory. The number of tourists planning to visit Phuket is growing as seen in figure 1.1.

As shown in table 1.1 below the number of tourists visiting Phuket between 2009 and 2011 increased by 70.61% and between 2010 to 2011 up to 78.16% respectively.

Table 1.1 Comparison the growth of accommodation and visitors travelling to Phuket between 2009 and 2011

Item	2009	2010	2011
<b><u>Accommodation Establishments</u></b>			
Rooms	37,884	44,330	57,679
Occupancy Rate (%)	35.84	46.20	56.47
<b><u>Number of guest arrivals</u></b>			
Thai	550,031	628,320	2,375,725
Foreigners	2,171,238	4,014,542	5,895,977

Source: Department of Tourism, Ministry of Tourism and Sports (2009-2011)

Table 1.2 indicates the growth of visitors travelling to Phuket between 2009 and 2011 and compares those three years. The number of visitors increased every year.



Table 1.2 Comparison of the growth of visitors travelling to Phuket between 2009 and 2011

<b>Item</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b><u>Total Visitors</u></b>	<b>3,375,931</b>	<b>5,471,218</b>	<b>9,467,248</b>
Thai	887,365	965,192	2,844,472
Foreigners	2,488,566	4,506,026	6,622,776
<b><u>Tourist</u></b>	<b>3,126,558</b>	<b>5,120,761</b>	<b>8,891,039</b>
Thai	741,343	815,096	2,600,462
Foreigners	2,385,215	4,305,665	6,290,577
<b><u>Excursionist</u></b>	<b>249,373</b>	<b>350,457</b>	<b>576,209</b>
Thai	146,022	150,096	244,010
Foreigners	103,351	200,361	332,199
<b><u>Average Length of Stay (Day)</u></b>	<b>5.99</b>	<b>4.26</b>	<b>4.33</b>
Thai	3.96	2.88	2.98
Foreigners	6.62	4.52	4.90
<b><u>Average Expenditure(Baht/Person/Day)</u></b>			
Visitor	<b>4,187</b>	<b>4,897</b>	<b>4,828</b>
Thai	2,835	2,868	3,118
Foreigners	4,552	5,155	5,266
<b><u>Tourist</u></b>	<b>4,210</b>	<b>4,935</b>	<b>4,862</b>
Thai	2,859	2,905	3,147
Foreigners	4,566	5,180	5,293
<b><u>Excursionist</u></b>	<b>2,311</b>	<b>2,504</b>	<b>2,514</b>
Thai	2,150	2,291	2,225
Foreigners	2,515	2,663	2,727
<b><u>Total Revenue (Million Baht)</u></b>			
Visitor	<b>94,007</b>	<b>108,446</b>	<b>188,822</b>
Thai	7,132	7,160	24,895
Foreigners	86,875	101,286	163,927

Source: Department of Tourism, Ministry of Tourism and Sports (2009-2011)

Phuket has popular beaches and resorts located around the island. The beautiful beaches are prominently white sand beaches with emerald green seas. Phuket tourism has plans to open hotels covering 4,337 rooms to support tourists. For instance, Barnett (2012) presents his list of hotels that opened (or will be opening) from Q3, 2012, shown in table 1.3. We can see that between Q3, 2012 and 2016 investors planned to establish 31 hotels within two years, especially in the Patong area where there were plans to open 14 hotels.

Table 1.3 List of hotels in Phuket planned for opening: 2012-2016

<b>Hotel Name</b>	<b>Location</b>	<b>Rooms</b>	<b>Opening Date</b>
Pullman Phuket Arcadia Nai Thon Beach	Nai Thon	262	Nov-12
Hotel Indigo Phuket	Nai Thon	135	2015
The Nikki Beach Hotel and Spa, Phuket	Bangtao	174	Q2 2014
Thanyapura Sports Hotel	Thalang	77	Nov-12
Phuket Grandville Resort	Thalang	105	2014
The Naka	Kamala	94	Feb-14
Novotel Phuket Kamala Bay	Kamala	168	Sep-13
Hyatt Regency Phuket Resort	Kamala	202	2014
Eastin Easy Patong Phuket	Patong	55	Sep-13
Avista Hideaway Resort and Spa	Patong	150	Nov-12
U Zenmaya	Patong	50	Q2 2014
Rosewood Phuket	Patong	80	Q3 2515
All Seasons Phuket Patong Beach	Patong	25	Q3 2012
Tune Hotel Patong	Patong	150	Dec-12
Holiday Inn Express Phuket Patong	Patong	28	Dec-12
The Patong Bay Hill Hotel & Resort	Patong	744	Q4 2015
Ramada Phuket Deevana	Patong	206	Jan-16
Grand Mercure Phuket Patong	Patong	318	Q1 2014
Centara Grand Moringa Resort & Spa Phuket	Patong	350	*TBA
Four Points by Sheraton Phuket, Patong	Patong	290	*TBA
Sleep With Me Hotel	Patong	230	H2 2014

Table 1.3 Continued

<b>Hotel Name</b>	<b>Location</b>	<b>Rooms</b>	<b>Opening Date</b>
Aloft Phuket Patong	Patong	250	*TBA
Kata Rocks	Kata	34	Dec-13
The Hermitage Hill	Kata	80	Q4 2014
Eastin Yama Hotel Kata Phuket	Kata	105	Q2 2014
Days Hotel Phuket Town	Phuket City	120	Jun-14
Regent Phuket Cape Panwa	Cape Panwa	105	Oct-12
Panwa Beach Resort by Marco Polo (Extension)	Cape Panwa	223	Q1 2014
Point Yamu by COMO	Cape Yamu	79	Nov-13
U Sunsuri Phuket	NaiHarn	133	Nov-12
Park Hyatt Phuket	Koh Siray	70	2016

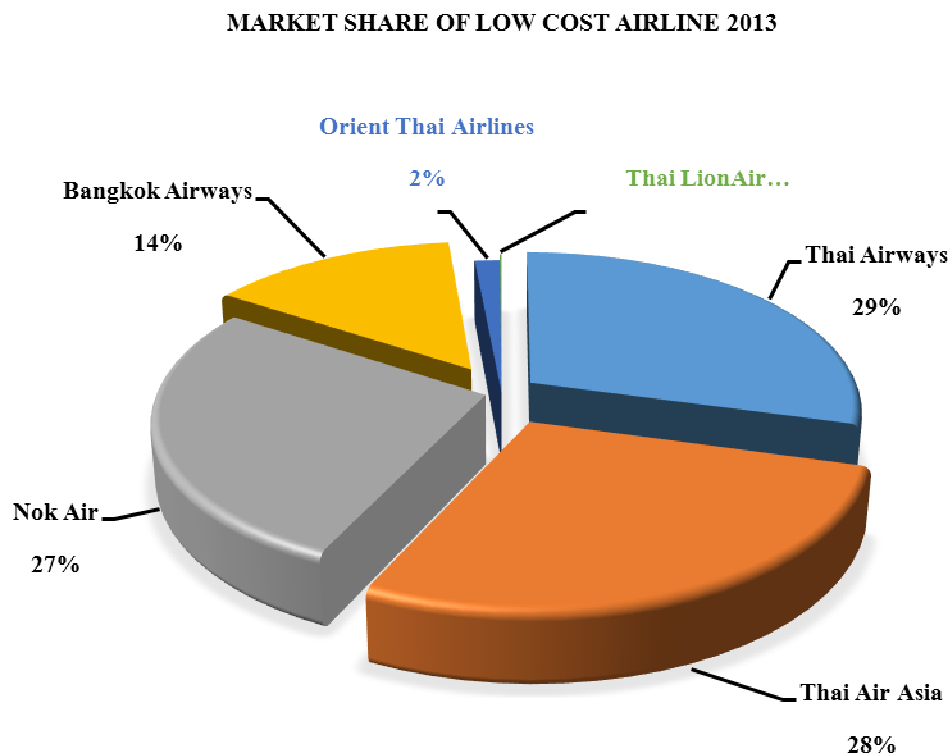
Source: C9 Hotelworks Market Research

Thailand is a popular travel destination and has service airlines more than 500 airlines and there are 30 low-cost airline (LCAs) services in Thailand. The main airlines in Thailand are Thai Airways, Thai Air Asia, Nok Air and Bangkok Airway (<http://www.trisrating.com/en/pdf>).

Moreover, low cost airlines (Air Asia, Nok Air, Thai Smile, Bangkok Airway, Jet Star, Tiger Airway, and others) will encourage tourists to decide to travel to Phuket, from where they can also book domestic flights to travel to other parts of Thailand. Furthermore, some countries such as Russia, Korea, China, Singapore, Indonesia, India and others have arranged direct flights to Phuket during both the high and low seasons. These options support the Tourism Authority of Thailand (TAT) slogan “Once in a lifetime we have to visit Thailand” (Ministry of Tourism & Sport, 2012). Looking at Figure 1.2 we can see the respective percentage market shares of various low cost airlines in 2013.

The 2013 pie chart in Figure 1.2 shows that the low cost airlines Thai Air Asia, Nok Air Bangkok Airways, Orient Thai Airline and Thai lion Air gained market shares of 28%, 27%, 14%, 1.4% and 0.1% respectively. However, Thai Airways had the strongest business and market share of 29%.

Figure 1.2 Market shares of low cost Airlines 2013

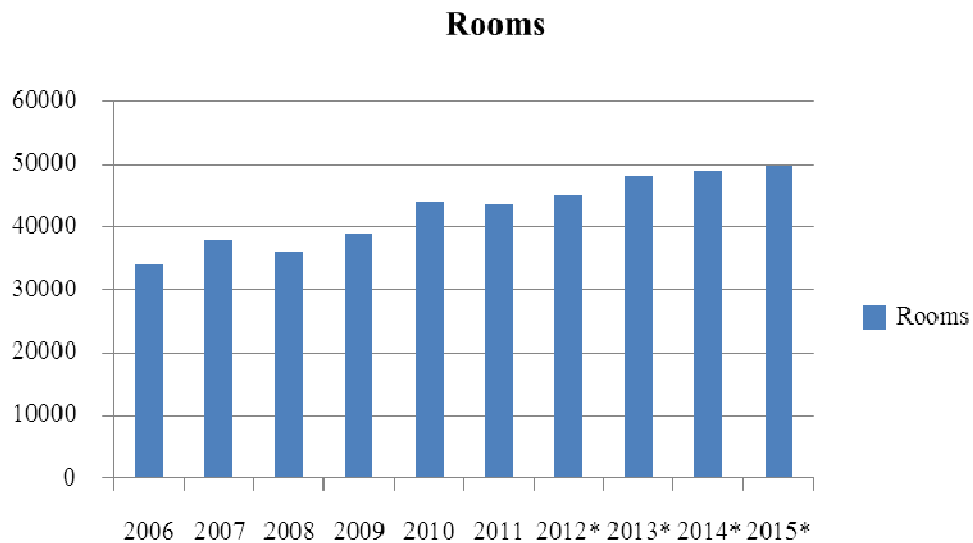


Source: <http://centreforaviation.com>

Low cost airlines (LCAs) have opened the world to even more tourists who can travel in comfort and save money to spend on other expenses during their holiday. Travel agents ‘shake hands’ with low cost airlines to promote packages such as attractive air ticket and accommodation promotions for tourists. Numerous low cost airline businesses have developed in the last three years. The slogan of Air Asia speaks volumes: “Now, everyone can fly” (<http://www.flyairasia.com.au/>).

Barnett (2013) explored the hotel supply trend from 2006 to 2015 in Phuket and recorded 42,498 rooms in March 2011, with 24 new hotels with 4,337 rooms to be created thereafter. Patong has supplied 45% of the total additions to the hotel assets. From 2006 to 2015, the island’s hotel rooms grew at 4% CAGR (Compound Annual Growth Rate). The graph in Figure 1.3 illustrates the number of hotel rooms in Phuket from 2006 to 2015. It can clearly be seen that the total number of rooms increased to nearly 50,000 rooms in 2015.

Figure 1.3 Compound Annual Growth Rate (CAGR) of hotels in Phuket 2006 - 2015



Source: Barnett, 2013

A Google search of the phrase “*The best beach in Phuket*”, to find the 10 most popular beaches will return some different results. However, two websites mention Patong beach as very famous with tourists. Table 1.3 lists the 10 most popular beaches as:

Table 1.4 Top 10 favorite beaches in Phuket

<sup>1</sup> Phuket Travel Guide, Thailand	<sup>2</sup> Intophuket.com
1.Bangtao beach	1.Freedom beach (Patong)
2.Patong beach	2.Banana beach (Laguna)
3.Karon beach	3.Paradise beach ( Patong)
4.Surin beach	4.Kata Noi beach ( Kata)
5.Kata beach	5.Kata beach (Kata)
6.Freedom beach*	6.Laem Singh beach (Surin)
7.Paradise beach	7.Nai Harn beach (Nai Harn)
8.Kata Noi beach	8.Nai Thon beach (Laguna)
9.Kamala beach	9.Bang Tao beach (Laguna)
10.Nakalay beach	10.Kamala beach ( Kamala)

Source: <sup>1</sup><http://www.thavornbeachvillage.com/phuket-travel/our-top-10-best-phuket-beaches/>

<sup>2</sup><http://www.intophuket.com/top-ten-phuket-beaches>

The study by Alon, Ni & Wang (2012) revealed that chain hotels have allowed hotel chains to share cost of expansion such as pay the start-up costs, initial fees and proceeding royalties. Meanwhile hotel chains earn brand-name, recognition, economics of scale, and managerial expertise from chain hotels.

This research aims to examine the marketing strategies that newly opened hotel chains and pre-existing hotel chains choose in order to progress their hotel business in their annual plans and execution. In this study the researcher would like to investigate the impact of Blue and Red ocean strategy on two main target groups, which are both international and domestic brands, when these strategies need to apply in marketing process. The main purpose is to determine which elements of 7Ps marketing mix are important for hotel businesses in high competition situations.

There is no previous literature that has discussed how the emergence of newly-opened hotel chains in an area impact on the pre-existing hotel chains with the subsequently increased competition for survival. This research focuses on uncovering the marketing strategies which the emerging newly-opened hotel chains use for competition with the pre-existing hotel chains with a focus on the marketing strategies used for such hotels in Patong. The research selected only hotel chains in Patong because hotel chains have to operate their business under the chain hotel system, especially because sale and marketing has mainly defined marketing strategy from corporate office. 7Ps of marketing mix have become a tool of marketing. Felsted (1993) stated that hotel chains had permission to use product, brand name, or system and ongoing hotel chains have to return for a fee to chain hotel. Felsted (1996) discussed that hotel chains have robust brand awareness, fostering consolidated reservation system and offering high return on investment at relatively low fee. This research used qualitative method to finding data by interviewing Executive level and Sale and marketing managers of hotel chains who have more experience and expertise for hotel business.

10 new hotel chains opened between 2012 and 2014. It was a rapid increase in the number of hotel supply in Patong. The targets of this research are the marketing strategies of emerging newly-opened hotel chains used for operating the business and competing with other hotel chains. In addition, trend of tourists has also changed. There are less European to visit Phuket compared to previous years. Data from the C9 Hotel work's report showed that "hotel and

resort have reduced their pricing resulting in a market-wide occupancy increase of four per cent in 2010, but it had been offset by a three per cent fall in room rates”.

Moreover, Bhuritt Maswongssa, Vice President from Marketing of the Phuket Tourism Association, expressed his view about Phuket’s tourism impact concerning the fact that the economy and currency of Europe and the USA are down but it has been replaced by newer markets particularly Asia, Russia and Middle East. Clearly visitors tend to stay for shorter time periods, average length of stay 2.8 to 3.5 days per visitor. Meanwhile, European visitors were 6 to 7 days per visit and were mainly visitors traveling first time to Phuket by “low cost airlines” with flight connection to the island. Bill Barnett mentioned that the key plotline for 2011, in part of rate and yield of accommodation has reductions of all kinds in order to keep demands according to the soar of supply ([www.c9hotelworks.com/articles/phuket-magazine-q2-2011.pdf](http://www.c9hotelworks.com/articles/phuket-magazine-q2-2011.pdf)).

However, to begin with, we need to understand what marketing strategies the pre-existing hotel chains (opened before 2012) use to sustain their businesses each year. Secondly, we need to consider any new marketing strategies that the newly-opened hotel chains use for survival in the first year and how to use Red or Blue ocean strategy related with 7Ps marketing mix to compete with competitors in same area. This study has collected data (by using qualitative methods) which has then been used for further analysis.

In terms of the quantity of hotels in Patong, and by way of an insight into conclusions and recommendations to be drawn later, this research may point to the need for the local municipal council to monitor the total number of rooms of the hotels in Patong, in order to maintain the economy and protect tourism in Patong. Some people could argue that the local government could consider limiting the room inventory in Patong by controlling newly opened hotels. Furthermore, existing hotel chains may need to learn how to avoid jumping into the ‘Red Ocean’ strategy whilst the emerging hotel chains may have to learn how to apply the ‘Blue Ocean’ strategy for a sustainable tourist hotel business in Patong.

### **1.3 Aim and objectives**

1. To compare the marketing strategies used by newly-opened hotel chains (2012-2014) and pre-existing hotel chains in Patong.

2. To compare the marketing strategies used by domestic and international hotel chains.

#### 1.4 Research Questions

This study intends to answer the following research questions:

1. What are the strategies that the newly-opened hotel chains in Patong adopt in order to compete with the pre-existing hotel chains and to guarantee their survival in the first year of business?
2. How do pre-existing and new entrants of domestic & international hotel chains respond to increased competition by adapting their marketing strategies?

By way of stimulating an internal dialogue and discussion the following rhetorical questions and assertions were used to support our analyses:

1. What are the marketing strategies that the hotel chains use to attract customers and travel agencies so that they choose their hotel for holidays or vacations?
2. Will Red Ocean Strategies (or price war) have any effect when applied to the hotel industry now and in the future?
3. Blue Ocean Strategies have received positive feedback from the customers whilst also supporting the longevity of businesses. So, what strategies have newly-opened hotel chains adopted to ensure their survival in the first year of business whilst also giving consideration to their star rating?
4. Have new investors studied the location and the overall product offering before making a decision? and Have leaders of the proposed new hotel business studied the entire product range of their competitors before deciding to build the hotels in a limited space?
5. This research has reported the situation and conditions of hotel chains in Patong from 2012 to 2014. Has hotel rooms over-supply led to Red Ocean strategies being predominant and affected other hotel chains in same area?

Screening questions were used as a first phase in five interviews with hotel executives in different areas of Patong in order to check whether the questions were understandable and were suitably related to marketing strategies used in the current tourism market conditions in Phuket.



### **1.5 Significance of the Study**

Perspective of Tourism in Thailand 2012 recorded international tourists visiting Thailand at 22.3 million, which shows an increase of 16% year-to-year (www.tourismkm-asean.org). Patong is a famous and very well-known tourist destination in Phuket, and the numbers of visitors keep increasing. There has been growth in the number of new hotels in a relatively limited area. Hotel businesses have generated huge income for investors and tax income for the governor. Now, with an increased level of competition between pre-existing and newly-opened hotel chain sites, with both parties aiming to increase revenue and attract more customers, marketing strategies are becoming even more important in the fight to secure business continuity in Patong.

As investors seemingly never stop building new three and four star hotels, the focus of this research is to examine the rapid expansion of hotels from 2012 to 2014 with 10 hotel chains opening in the Patong area. Meanwhile, tourists are choosing to change their destination to other nearby places in Phuket or going to neighboring provinces such as Krabi and Phangnga, etc. Independent hotels and hotel chains have to compete with each other for business longevity. This research has explored the marketing strategies adopted for hotel chains operating under high competition in the Patong area.

### **1.6 Scope of the Study**

#### *Scope of Research Area*

Newly-opened and pre-existing hotel chains in Patong, Phuket.

#### *Scope of Time*

The research included an interview appointment schedule to meet with the required Executives and Sales & Marketing of each hotel chains from September to December, 2014.

#### *Scope of Population & Geography*

This research has two main target populations for data collection: the pre-existing and newly-opened hotel chains in Patong.

## 1.7 Definition of Key Terms

**Hotel** is a commercial accommodation where a person can locate and pay for a bedroom and other associated hospitality services. Hotels are separated by class, from simple to luxurious, by the type of accommodation provided, and also by the type of guest residing. For example, tourists, travelers, business people or long-term residents may stay in a hotel. These services need to provide a minimum level of comfort, and cleanliness (Groote, 1987).

**Chain** - Kothari, Hu & Roehl (2007) describe chains as amalgamations of service-based organizations, usually doing the same activities (often the only variations are the sizes and locations of the sites), that are joined together into a larger business structure.

**Chain hotel** - Burton and Cross (1995), explained this as overseas market entry style that includes a relationship between the entrant (the franchisor) and a host country body, whereby the former transfers under legal contract, a business.

**Hotel chains** – Felsted (1993), explained hotel chain is a business that has relationship with chain by using its band name, product, or business system in return for a fee it has to pay continuously.

**Marketing Strategy** - A strategy is a medium to long-term map to reach certain objectives, goals and targets. Marketing ultimately means business (1985, the Chartered Institute of Marketing adopted the dynamic slogan) and is connected to the segmentation, targeting, positioning, branding and marketing mix of the enterprise (Kumar, Rahman, Kazmi and Goyal, 2012).

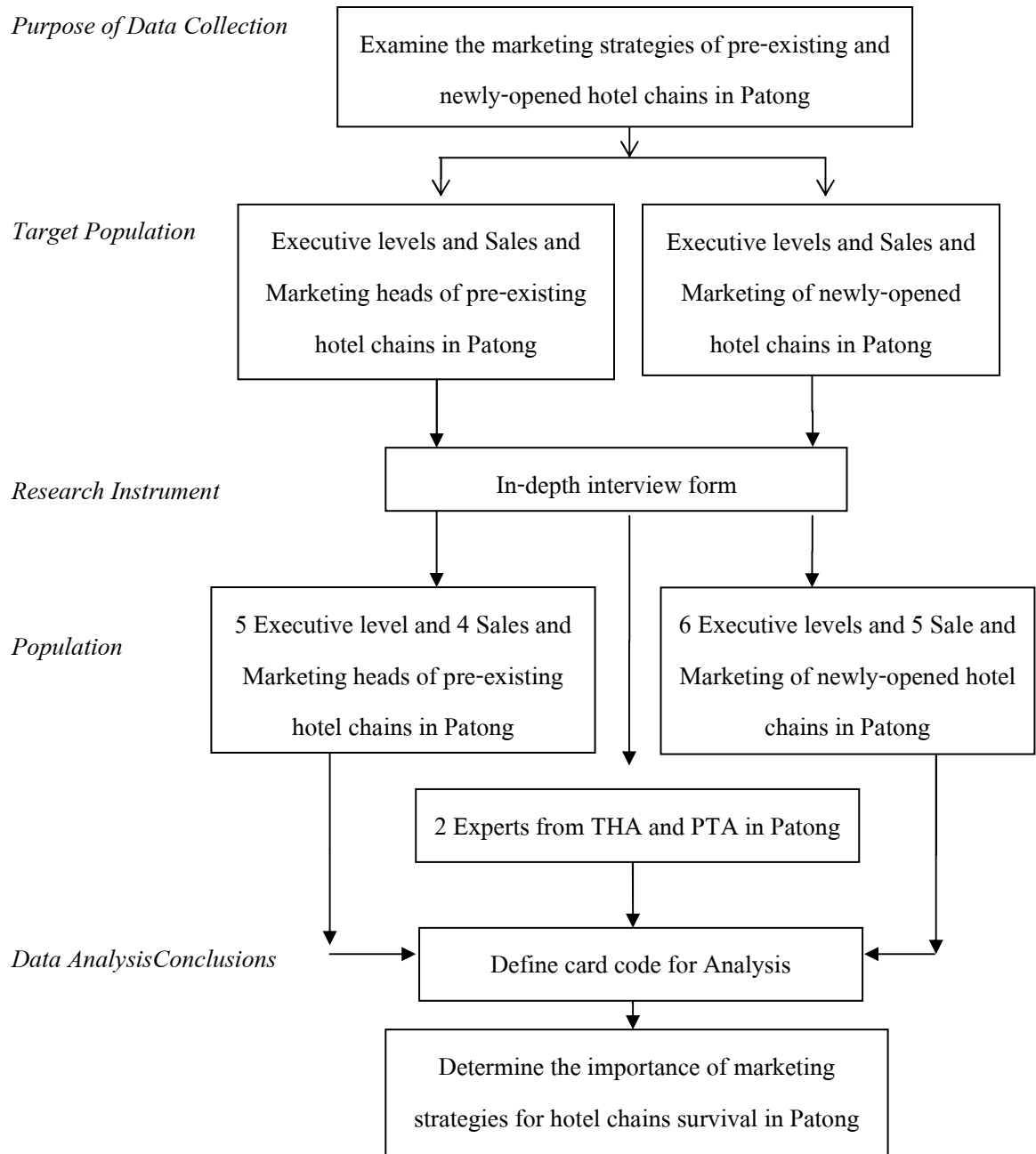
**Brand** - Kapferer (2008), states that brand is the lingering memory and souvenir of the product. The definitions of Bounding (1956), Martineau (1959), Keller (1993), refer to brands as images in consumers' minds.

**Red Ocean Strategy** - companies attempt to outdo their rivals by seizing a larger share of any existing demand. As the space of a red ocean market fills up, the possibilities for profit and expansion decrease, products are consumed and hardnosed competition turns the ocean blood red (Kim & M., 2005).

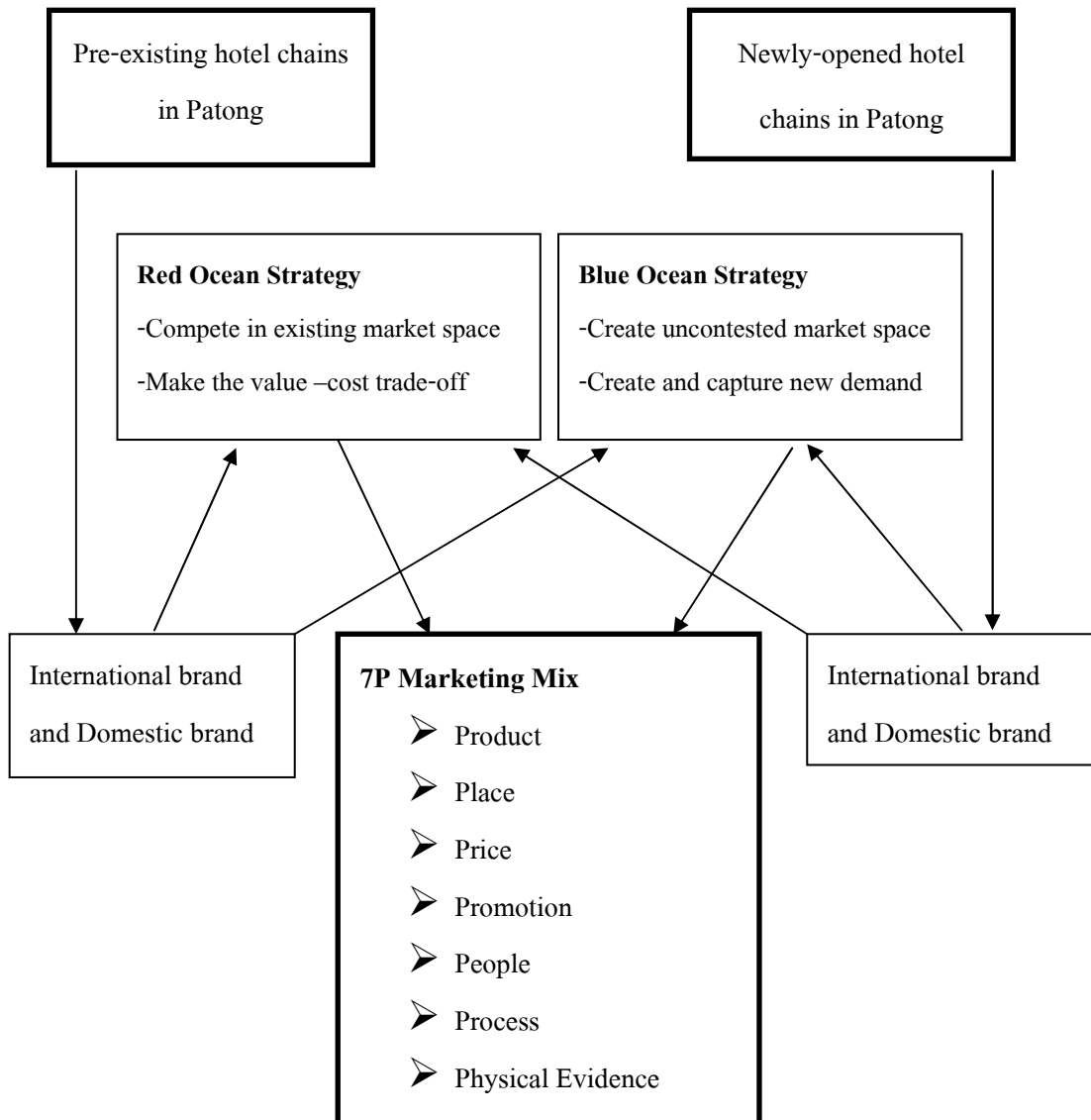
**Blue Ocean Strategy** - is seen as an unspoiled market space, with the possibility of generating demand creation, and high profitable expansion. A blue ocean strategy specializes

in thinking out-of-the box solutions to reduce risk and maximize revenue and profit potential (Kim & M., 2005).

### 1.8 Research Flow Chart



### 1.9 Conceptual Framework



## CHAPTER 2

### RELATED CONCEPTS, THEORY, AND LITERATURE

This chapter provides three major parts related to the background literature used to assist us to discuss this study which consists of:

#### 2.1 Overview of the hotel industry in Phuket

##### 2.1.1 Hotel Chains in Phuket

##### 2.1.2 Hotel Chains in Patong

#### 2.2 Overview of Hotel Marketing Strategies

##### 2.2.1 Marketing Mix strategy 4Ps and 7Ps

###### 2.2.1.1 Price strategy

###### 2.2.1.2 Hotel Employee

###### 2.2.1.3 Brand strategy

##### 2.2.2 Red Ocean Strategy

##### 2.2.3 Blue Ocean Strategy

#### **2.1 Overview of the hotel industry in Phuket**

Statistics from the Tourism and Sport Department have compared the number of tourists visiting the South of Thailand separated by province in Quarter four of 2013. They found that most Thai residents and foreigners prefer to visit (in descending order) Phuket, Songkhla, and Krabi with the respective number of tourists listed as 2.09m, 0.64m, and 0.57m (<http://www.manager.co.th/south/viewnews.aspx?NewsID=9570000002448>).

Due to the strong potential for tourism and infrastructure of Phuket, Thai and foreign investors are habitually interested in investing in tourism on the island. The results can be seen in Table 2.1, that show that the number of hotels increased by 9.38 % between 2011 and 2012, with a hotel supply growth of 13.64 %. This trend of increasing the number of hotels in Phuket is still continuing.

Table 2. 1Number of hotels and total accommodation in Phuket\*

Province	No of hotels			Total of rooms		
	2011	2012	2013**	2011	2012	2013**
Phuket	213	228	233	18,254	20,340	20,744

Remarks: \*including Hotels, Resorts, Guesthouses, Bungalows, Motels, Serviced Apartments, and Homestays (but excluding Apartments or Mansions); \*\* Recorded date 16 July 2013

Source: Tourism Authority of Thailand

### 2.1.1 Hotel Chains in Phuket and their definition

The hotel chain system in the hotel industry is usually a franchised service system, and their goal is to increase the number of sites and locations in services as well as the product ranges and services offered. They share the credit of multinational enterprises and still have particular characteristics in service industry (Ivanova& Ivanov, 2015).

In recent years, multi-unit of hotel chains area is a popular way to expand; especially in international hotel markets. However, Altinay (2003) and Cho (2005) have mentioned that hotel chain companies use the same products and area development agreements even though they may be in different markets. Furthermore, Ingram & Baum (1997) have mentioned that chains are clusters of service providers carrying out the same activity that are linked together into a larger umbrella organization.

The hospitality industry generally has the potential for dynamic income growth, and the rapid development of transportation. The tourism industry has to drive regional lodging markets to develop an international business world outlook. Interestingly, the attraction of major international hotel chains in overseas expansion is linked with developing countries' desire to bring in foreign capital. According to Tse and West (1992), one of the major forces that have encouraged the internationalization of hotel chains is the need to increase levels of growth and profits. As international tourism has increased significantly, this is expected to continue with the removal of barriers to trade and travel by many countries, and the improving world economy. Such dramatic international travel growth has created new market opportunities for lodging firms, particularly when firms face a maturing market at home. A hotel in a foreign country can serve the local people in the country as well as international tourists from other countries. The income

generated from a foreign destination can increase the total revenue of the company (Rodtook&Altinay, 2013).

With steadily increasing international travel and trade, hotel chains have also attempted to develop brand loyalty through familiarity, consistent service, and global reservation systems in order to follow their clients to international destinations (Tse&West, 1992). As Yu (1999), Rodriguez (2002), Chao, Samiee, and Yip (2003), and Altinay (2005) all pointed out, building worldwide brand recognition also motivates hotel companies to expand operations overseas. Brand recognition and brand loyalty are important marketing strategies practiced by international operators.

The results from the literature review study by Das & De Groote (2008) have mentioned that the InterContinental Hotel Group (IHG) is the chain that has most hotel rooms in the world. IHG managed 556,246 rooms spread over 3,741 hotels in 2007. The Holiday Inn brand is the most famous, and worldwide the second best known is the Best Western brand (MKG consulting database, 2007). In Europe, IHG takes the fifth place. InterContinental has been growing at a rate of 56% over the last twelve years; the new hotel brand, Express (three stars) by Holiday Inn, has growth at 60% since being set up in 1991.

Hotel Chains in Phuket have a mix of *International chains and Domestic chains*, and this research covers both sides of the equation, for sites in Patong.

In terms of this research, international chains refer to hotels that have opened under their brand name in at least one other country. The research found that Phuket has 10 international chains as follows:

*International chains in Phuket*

- Starwood hotels & Resorts Worldwide, Inc.
- Accor
- InterContinental Hotel Group (IHG)
- Compass Capital International limited
- U Hotels and Resorts
- Radisson
- Marriott
- Best WesternInternational Inc.

- Millennium & Copthorne Hotels
- Tune hotel

As *globalization* and *regionalization* are prominent trends in the world economy, there are many associations created to stimulate economic integration and new forms of cooperation which also affect the operation of the hotel and tourism industry such as the Indonesia-Malaysia-Singapore Growth Triangle, the Greater Mekong Sub-region (GMS), ASEAN, ASEAN Free Trade Area, and the ASEAN Framework Agreement on Service (AFAS: Henderson, 2001). These concepts are some responses to these globalization and regionalization movements. The agreements created by these forms of cooperation offer feasibilities for new tourism products, promotions, and routes for strategic planning.

Gross and Huang (2011), who have studied smaller *domestic* hotel chains in various countries concluded that they have the potential to emerge and grow further in the hotel industry. Some domestic hotel chains are expanding into multinational operations with sites overseas in other host countries. This has been a usual development pattern from emerging market multinational firms nowadays (Goldstein, 2007), and has been seen in brands in Asia, such as Mandarin Oriental, New World, Peninsula, and Shangri-La based in Hong Kong, and Millennium & Copthorne from Singapore (Roodtook & Altinay, 2013).

(*Domestic: produced within one's own country, native* (<http://www.thefreedictionary.com>). *existing or occurring inside a particular country; not foreign or international* (<http://www.oxforddictionaries.com>).

Domestic, in terms of this study, means hotels that are related to a major company established in Thailand and with an expansion business plan for inside and outside the country. Domestic hotel chains for this research signify hotels that have been established or are managed under Thai residency and by a company that has more than one hotel in the country. Please see a list of domestic hotel chains in Phuket as follows:

*Domestic hotel chains in Phuket*

1. Centara Hotels & Resorts
2. Laguna Resort and Hotel Plc.
3. Baan Krating Resort
4. Amari Hotels and Resorts



5. Woraburi Hotels and Resort
6. Dusit Thanee
7. Deevana Group (Source: <http://www.thaiwebsites.com>)

### 2.1.2 Hotel Chains (International and Domestic) in Patong

#### *International hotel chains in Patong:*

1. Accor
2. Inter-Continental Hotel Group (IHG)
3. Compass Capital International limited
4. Best Western International Inc.
5. Millennium Hotels and Resort
6. Tune hotel (Rebranding to Red Planet Hotels)

#### *Domestic hotel chains in Patong:*

1. Centara Hotels & Resorts
2. Dusit Thanee
3. Deevana Group

This research's scope is to study hotel chains that have been established in Patong. The author has identified 14 hotel chains in Patong.

Table 2.2 List of Hotel Chains in Patong

Hotel name	Rooms	Opening date
1.Holiday Inn Resort Phuket (IHG)	277	1999
2.Deevana Plaza Hotel, Patong (Deevana)	249	Oct-14
3.Centra Ashlee Hotel Patong (Centara)	110	2010
4.Ibis Patong (Accor)	258	2011
5.B-Lay Tong (Accor)	123	2012
6.Novotel Vintage (Accor)	303	2012
7.Holiday Inn Express (IHG)	280	2012
8.Tune Hotel Patong (Tune)		2012
Rebranding to Red Planet Hotels	150	Jul-15

Table 2.2 Continued

<b>Hotel name</b>	<b>Rooms</b>	<b>Opening date</b>
9. Dusit D2 (Dusit)	390	Feb-14
10. Grand Mercure Patong (Accor)	318	Apr-14
11. Citrus Heights Patong Hotel Phuket (Compass)	77	2012
12. Cintin Plaza Patong Hotel & Spa (Compass)	249	2012
13. Best Western Patong (Best Western)	224	Oct-14
14. Millennium Hotel Patong (Millennium)	418	Aug-08

## 2.2 Overview of Marketing Strategies for Hotels (MSH)

Marketing is a representation practice (Levy, 1989; Stern, 2004). Marketers operate by representing one item/product with something else. For example, using a brand to represent the values of the company, or designing advertisements to represent the benefits of a product (Ruiz & Kowalkowski, 2014). Most international markets have different socio-economic and consumer behavior, and technological and national cultures (Ghoshal, Korind, & Szulanski, 1994). Although Foss and Pedersen (2002) found that marketing departments have power among subsidiary companies and brands, marketing strategies remain difficult to transfer into other countries.

A marketing strategy is a marketing plan designed to achieve certain marketing objectives. For instance, a marketing objective may relate to becoming the market leader by fully satisfying customers every organization needs to have clear marketing objectives, and the major route to achieving the organization's goals will depend on the marketing strategy. It is important, to be clear about the difference between strategy and tactics ([www. businesscasestudies.co.uk](http://www.businesscasestudies.co.uk)).

Marketing strategies are the means by which *marketing objectives* will be achieved and are generally concerned with the four major elements of the *marketing mix*, as follows: Product, Price, Place and Promotion (Jobber, 2001).

Cizmar and Weber (2000) explained that today's market environments are largely determined by globalization trends in all the industries and in all the countries of the world (Finnie, 1994). For the past several decades, globalization has moved into the tourism industry

dynamic. As a result of this, competition within tourism, including the hotel industry, has become violent. This is the reason why the marketing effectiveness, in respect of the impact marketing practices have on hotel performance, and the hotel industry overall, has become a focal point of research. Marketing functions provide an answer on how to attract customers under growing competition, so it is possible to theorize that marketing effectiveness to a large extent does determine the overall market conditions of the hotel industry. The long-term survival of the hotel industry under high competition depends on the ability to meet the demand of customer satisfaction, efficiently and effectively (Nicholls and Roslow, 1989).


For this research, we will take the definitions from the literature of Kumar, Rahman, Kazmi, Goyal (2012) who wrote that the overall defining marketing strategy is linked with the segmentation, targeting, positioning, branding, and marketing mix of the company.

### 2.2.1 Marketing Mix Strategy – 4Ps, 4Cs and 7Ps

Kotlor and Amstrong (2010) mentioned that marketing mix is a tool which company uses to achieve marketing objective and 7P marketing mix in a fashionable marketing system.

In addition, Peattie and Belz (2010) delineate the concept of the 4Cs as Customer solution, Customer cost, Convenience and Communication. These are very much related to the 4Ps of marketing given by McCarthy - Product, Price, Place, and Promotion.

Table 2.3 4Ps of marketing given by McCarthy, and the 4Cs

<u>Typical</u>		<u>Integrated</u>
4Ps		4Cs
Product		Customer Solution
Price		Customer price
Place		Convenience
Promotion		Communication

In Table 2.3 the 4Ps model is well-recognized, and contains the core elements of a good marketing mix.

### The 4Ps of the Marketing Mix:

- **Product** – The product should fit the task consumers want it for; it should work and it should be what the consumers are expecting to get.

- **Place**- The product should be available from where your target consumer finds it easiest to shop. This may be the high street, by mail order or the more current option via e-commerce or an online shop.

- **Price**- The product should always be seen as representing good value for money. This does not necessarily mean it should be the cheapest available; one of the main tenets of the marketing concept is that customers are usually happy to pay a little more for something that works really well for them.

- **Promotion**- Advertising, PR, Sales Promotions, Personal Selling and, in more recent times, Social Media are all key communication tools for an organization. These tools should be used to put across the organization’s message to the correct audiences in the manner they would most like to hear, whether it be informative or appealing to their emotions.

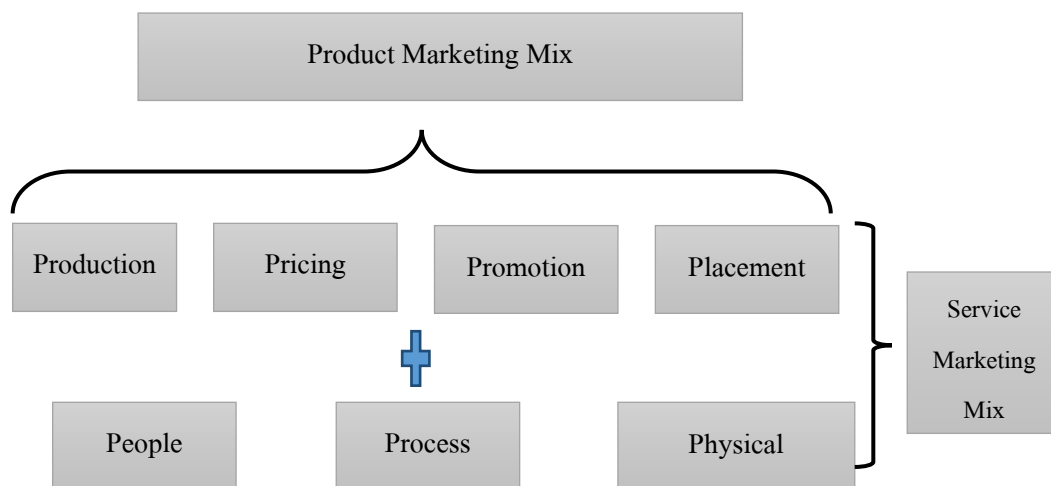
Table 2.4 4Ps Marketing MixSub-Categories

Product	Price	Promotion	Place
<input type="checkbox"/> Brand	<input type="checkbox"/> Allowances	<input type="checkbox"/> Advertising	<input type="checkbox"/> Assortments
<input type="checkbox"/> Design	<input type="checkbox"/> Credit terms	<input type="checkbox"/> Direct marketing	<input type="checkbox"/> Channels
<input type="checkbox"/> Features	<input type="checkbox"/> Discounts	<input type="checkbox"/> Sales force	<input type="checkbox"/> Coverage
<input type="checkbox"/> Packaging	<input type="checkbox"/> List price	<input type="checkbox"/> Sales promotion	<input type="checkbox"/> Inventory
<input type="checkbox"/> Quality	<input type="checkbox"/> Payment period	<input type="checkbox"/> Public relations	<input type="checkbox"/> Locations
<input type="checkbox"/> Sizes			<input type="checkbox"/> Transport
<input type="checkbox"/> Services			
<input type="checkbox"/> Returns			
<input type="checkbox"/> Variety			
<input type="checkbox"/> Warranties			

Source: <http://business-fundas.com/2011/the-4-ps-of-marketing-the-marketing-mix-strategies/>

The 4Ps in turn led to the creation of the Extended Marketing Mix by Booms & Bitner (1981) that added three new elements to the 4Ps Principle. This now allowed the extended Marketing Mix to include products that are services and not just physical items.

Figure 2.1 Extended Product Marketing Mix. The extended 7Ps:



Source: <http://www.marketing91.com/service-marketing-mix/>

**People:** All companies are reliant on the people who run them, from the front line sales staff to the managing director. Having the right people is essential because staff members are as much a part of the business offering as the products/service offering.

**Processes** – The delivery of company service is usually done with the customer present, so how the service is delivered is once again part of what the consumer is paying for.

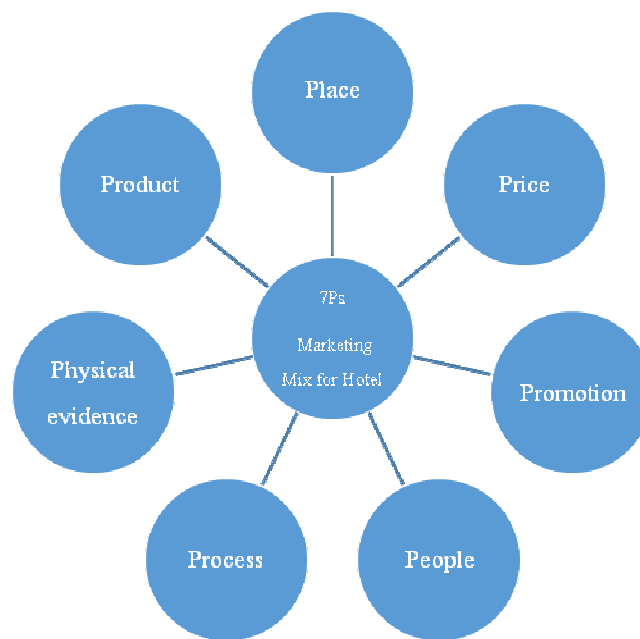
**Physical Evidence** – Almost all services include some physical element even if the bulk of what the consumer is paying for is intangible (<http://www.professionalacademy.com>).

According to Lovelock (2011) who explored the 7Ps of marketing, sometimes called the Marketing Mix, traditionally, the pillars of marketing were known as the 4Ps that stand for Product, Price, Place, and Promotion. However, three further ‘Ps’ were added mainly for service industries, namely: People, Process and Physical Environment.

- Product- Service products consist of core and supplementary elements.
- Place - Service distribution through physical and non-physical channels.
- Price –Income and profits with consideration of customer.

- Promotion-Provide information, persuades customers, and teaches customers to become effective through the service process.
- Process –The operation of inputs and outputs form marketers/sellers to customers.
- People-Interactions between customers and contact personnel that can affect their satisfaction.
- Physical environment-Design services and provides tangible evidence of service performance.

Figure 2.2 The 7Ps of contemporary Marketing:



Source: <http://www.professionalacademy.com>

Nonthaporn Krichkumchon (2008) has studied the 7P's marketing mix regarding the decision of foreign tourists to stay in Patong Municipality, Phuket. The results were that the marketing mix factors are significant with foreign tourists' decision on where to select accommodation in Phuket. Again, the elements of the 7Ps are product, price, place, promotion, personnel, physical evidence, and process, respectively. These are external factors encouraging tourists to decide to purchase products and services.

Astuti, Silalahi, Wijaya (2015) argue that marketing mix is one of factors to convince the consumers' decision for purchasing.

**2.2.1.1 Pricing strategy:** Definition price is the value that is assigned to a product or service and is the result of a complex set of calculations, research, understanding, and risk-taking ability. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins, and input costs, amongst others. It is targeted at defined customers and against competitors ([www.economictimes.indiatimes.com](http://www.economictimes.indiatimes.com)). The results from Abrate (2012) found that many hotels using a dynamic pricing strategy to manage their revenue.

Nowadays hotels face the problems of fixed costs and variable costs. A study from Gallego and Van Ryzin (1994), has provided a popular dynamic pricing model of setting a deadline for unsold rooms to recover their value. Therefore, to achieve maximum revenue, hotels use the strategy of offering strong incentives to agents to sell out all the rooms according to the daily target.

An example is Marriott International, Inc. who has used a price strategy of offering a 25-50% discount to the consumers who book rooms 30 days earlier through the internet ([www.marriott.com](http://www.marriott.com)), and the author can refer to other hotels that offer a large discount (maybe up to 20%) to customers who reserve rooms in advance (14 days before the arrival date, for instance). Dynamic pricing strategies are successful for hotel operations especially via the hotels' websites. The customers can book rooms via these online reservation systems. This pricing policy attracts more consumers and most products are sold in advance.

Although pricing strategy is always a hot topic for academic research, previously many researchers wrote about price for hospitality as follows:

Gu (1997), Lai and Ng (2005), Pan (2007) wrote similar comments in their research for instance the fact that pricing model has increased the productivity of hotel and the circumstances of uncertainty has hotel pricing as the best model and the essential key factor in customer decision. Moreover Van der Rest and Harris (2008), has proven that discount is the best pricing policy for hotel in the case of high costs and strict change in demand. The study by Kimes & Chase (1998) mentioned that pricing is not only a key strategic for hotel adapted to manage revenue but also an important tool to build and enlarge cooperation.

In addition, it can be straightforward for hotels to charge customers different room rates based on the customers' varying economic power. Indeed, price is a useful tool to determine target customer groups. Moreover, room price also influences consumers' perception of the service quality and also consumers' potential satisfaction level. However, discounting is the best pricing policy for hotels if they are facing high costs and/or variations in demand (Lewis, 1986; Hanks, Robert and Moland, 1992; Shaw, 1992; Arnold, 1994; Lewis and Shoemaker, 1997; Abbott and Lewry, 1999; Tso and Law, 2005; Lewis and Shoemaker, 1997; Oh, 2000; Mattila and O'Neill, 2003; Lockyer, 2005; Rest and Harris, 2008).

The results from the past literature until the current mention that room prices and room discounts influence consumer decision-making when selecting hotels. The 21<sup>st</sup> Century has encountered an economic crisis. As a result, customers would like to attain cheaper prices and receive higher value. Thus, the Red Ocean Strategy (ROS) aims to win against the competition using price strategies. Emphasis on market share is significant.

Phuket's tourism growth has attracted investors' interest to build new hotels in Patong. Increasing the amount of hotels then places greater pressure on existing hotel chains. They are driven to use the marketing mix and 7P's strategies to manage and maintain their business. Nowadays, the demographics and nationalities of the customers in Phuket are changing and brand has become less of a decision-making factor for them. So, *pricing strategy* becomes an important element for attracting the consumers to make decisions to purchase products. Every market is divided into three category levels: 1) *upper-class* 2) *middle-class* and 3) *lower class*. Competition over price is indirectly going to force hotels to accept the lower-class customers as their default target market. By deciding to lower customer prices, hotels must realize that they have also indirectly decided to lose the upper and middle-class segment of the market. Price is an estimate of the quality, and the general perception is that lower customer price will increase customer orders and therefore earn revenue. This is why many hotels are re-targeting their customer market.

However, study from Chu & Choi (2000) explored that there are also other characteristics which have influence to customers for instance location, price, cleanliness, security, reputation and quality of service (cite: Becerra, Santalo, Silva, 2013).



**2.2.1.2 Hotel employee:** In tourism industry the hotels required their hotel employees to provide excellent experience to hotel guests (Knezevic, Tomka, Bizjak, Fabjan, Kukulj, 2015). IOM (2011) mentioned the multi-national hotel corporations' (MHCs) rapid development across Thailand. Employees of MHCs have to interact with customers and their attitude and behaviors affects the performance (Sucher & Cheung, 2015). Actually, the vital line of frontline employees can be developed, maintaining satisfaction in order to get loyal customers (Salanova, Agut, & Peiro, 2005). According Chi and Gursoy (2009); Chiang and Birtch (2008) mentioned that frontline employee plays an essential role in service quality and preservation of loyal customer and guest satisfaction in the hotel industry. Frontline employees have high levels of energy. They are dedicated to their jobs and like to display high quality performance and fulfill their roles for business success (cf. Bakker and Demerouti, 2008; DiPietro and Pizam, 2008; Slatten and Mehmetoglu, 2011).

In addition King, So, & Grace (2013) showed that chain hotels in China give importance to customers and employees. The prominence of employees was service offering which reflected in the outcome of the brand to achieve. As discussed by Susskind et al. (2000), service offering is an intangible to exchange between customer and service provider and the service presented by employee is consumed. Moreover Guchiat et al .(2012) and Yavas et al.(2010) explained that frontline employees can fulfill their duty if they have empowerment to judge and provide quick decision and fair responses to customers' complaint. Employees should train and empower for service customers and get appropriate rewards after dealing with dissatisfied customers successfully.

Furthermore, the advantage for the hospitality and tourism industry is the employee appearance and ability to maintain and improve their appearance (Knezevic, Tomka, Bizjak, Fabjan, and Kukulj, 2015).

**2.2.1.3 Brand Strategy:** The concept of brand equity is highly regarded within the marketing world. Its main tenet is that a brand name generates large amounts of value-added revenue. Brands are favored by consumers who have a greater belief level in well-known branded products. The name of a brand increases strategic and economic value for their owners (Gil, Anders and Salinas, 2007). Notions of marketing brand equity and social psychology have been

widely used to analyze and provide awareness of consumers' lives and their needs (Breivik and Thorbjornsen, 2008; Fournier, 1998; Monga, 2002).

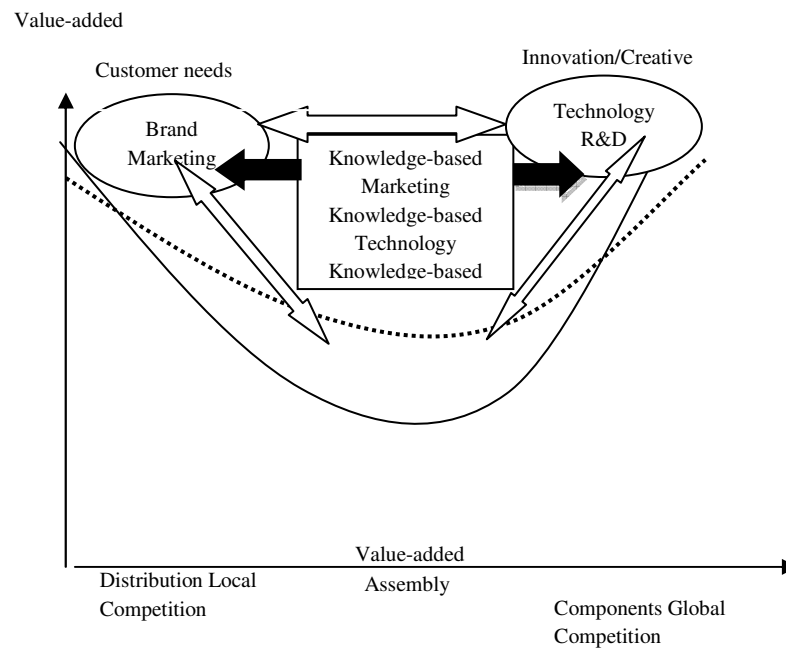
According to the studies of Aggarwal (2002); Riley and De-Chernatony (2000) and Smit (2007), brand relationship emphasizes that some brands are certainly more proper to forming a relationship than others. In addition, brand tunes into perceived individual value systems that are relevant to consumers, and indicates the source of the offering and allows the construction of relationships based on trust (Kaltcheva and Weits, 1999). Meanwhile, Xie and Heung, (2012) mentioned in their literature that there are three kinds of brands, as follows:

- 1) Service brands such as banks, airlines and hotels.
- 2) Brands maintaining a grouping of products and services, such as many online store brands.
- 3) Brands where customers have a direct contact with the employees of the company.

In consumer marketing, brands provide the major points of variation between competitive offerings, and they can be fundamental to the success of companies (Wood, 2000). Most importantly, brands have significance to consumers because consumers learn to know the brand by using the products and they can find which brand is acceptable and which brand is not satisfactory and meets their expectations. Keller (2001) suggested that the brands become tools or methods to simplify making the decisions to purchase the products. Brands can help consumers connect to the product. Holverson & Revaz (2016) and O'Neill & Carlbaeck (2010) mentioned that the most benefit of hotel chains comes from the brand. The study done by O'Neill & Carlbaect (2010) reveals that many authors argue that the brand is the ground for survival of the hotel chains.

Nowadays, brands have many challenges such as brand loyalty, brand image and brand equity, and therefore brand-related marketing helps to create brand value. Increasing and developing marketing and R&D will create value-add to the products or brands. Please see the marketing/R&D the smiling curve (Shih, 1992) as follows on the next page:

Figure 2.3 The smiling curve



Source: Wang, Y. L., & Tzeng, G. H. (2012)

Brands have been viewed as major capital for many businesses and the cost for advertising or promoting a major new brand to the market has been estimated at around at \$100 million with a 50% possibility of failure (Ourusoff, 1993; Crawford, 1993).

The successful company uses brand marketing by creating brand images and concepts of products that try to increase customers' loyalty and return greater profits on their investment (Wang and Tzeng, 2012). Keller (2001) proposed that brand elements such as brand description, brand strength, and brand value will create added value for customer-based brands, and that overall brand-marketing activities and marketing planning are the most important and successful. Aspects include:

**Product strategy:** The consumers will have brand experience from company communication and it will have an influence on their purchase. Product is the core of the brand and has elements such as service, organization or design which will meet the customers' needs and satisfaction (Wang and Tzeng, 2012).

**Price strategy:** Price is a significant factor to generate income for a company and is linked to a strong awareness of, and the uniqueness of the brand (Wang and Tzeng, 2012).

**Channel strategy:** Stone, Hobs, and Khaleeli (2002) explain that an emerging distribution strategy using multi-channel selling serves consumers, and provides experiences and value for consumers. The aspects of a channel strategy can be divided into:

- 1) Direct and indirect channels
- 2) Push and pull
- 3) Channel support

**Communication strategy:** Keller (2001) explains that brand marketing communication represents a “Voice” and creates a strong relationship between the company and consumers. The aspects of marketing communication are:

- 1) Advertising
- 2) Sale Promotions
- 3) Eventsmarketing and Sponsorship
- 4) Public image and Publicity materials
- 5) Personnel selling

**Brand engagement:** is the marketing effort to improve the perceived image of the product/services in the eyes of the target market. It must involve the creation of a compelling story that will connect with the target market and the fulfillment of a promise in their lives. A brand is a product/service that means something to the target customer ([www.naijapreneur.com](http://www.naijapreneur.com)).

### **2.2.2 Red Ocean Strategy**

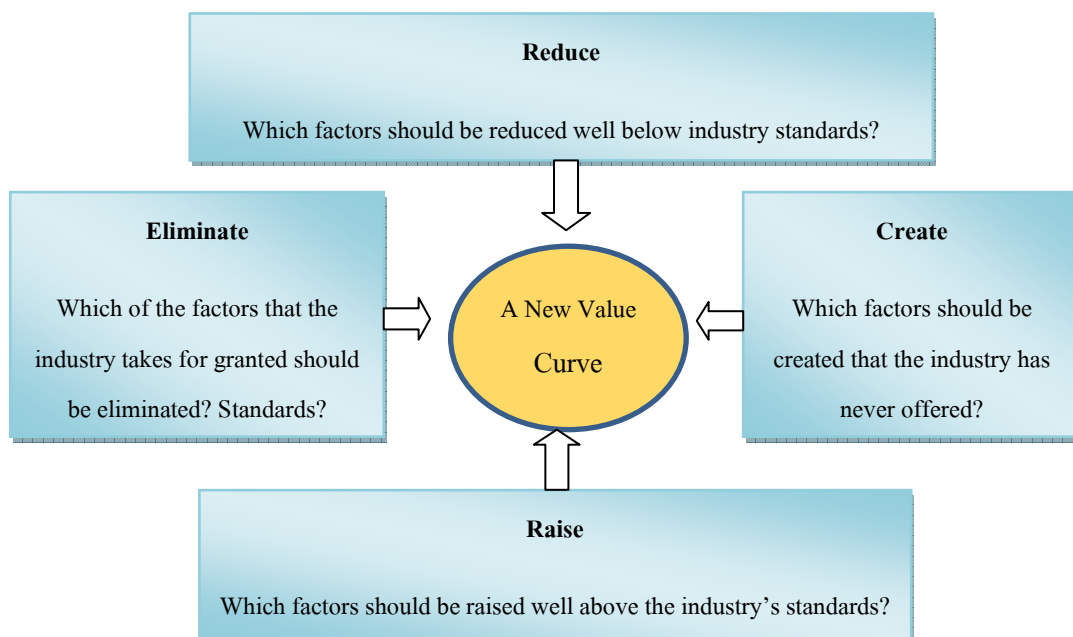
In the Red Ocean strategy, industry parameters are delineated and accepted and the competitive ‘rules of the game’ are known and shared. Companies try to outperform their rivals to grab a greater share of the existing demand. As the market space of Red Oceans gets crowded, prospects for profits and growth are reduced, products become mere consumption, and cutthroat competition turns the ocean red-bloody (Bourletidis, 2014).

### **2.2.3 Blue OceanStrategy**

Bourletidis (2014) argue that Blue Oceans, in contrast, are defined by untapped market space, demand creation, and the opportunity for highly profitable growth. Although some Blue Oceans are created well beyond existing industry limitations, most are created from within Red Oceans by expanding existing industry boundaries. In Blue Oceans, competition is

inappropriate because the ‘rules of the game’ are waiting to be set. The term “**Blue Ocean**” in an analogy to describe the wider potential of a market space that is deeply vast, and not yet explored. A Blue Ocean marketing strategy can sequence the process of concepts and principles as show in figure 2.4

Figure 2.4 Blue Ocean marketing strategy concept and principles

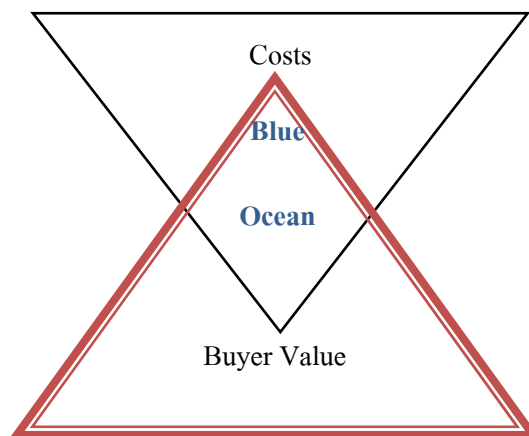


Source: <http://www.game-changer.net>

A Blue Ocean strategy can support thinking-out-of-the-box for minimizing risk and maximizing opportunities. The main strategy of Blue Ocean Strategy is “Value Innovation”. The innovation is concerned to service or delivery and product which raise and create value for the market. At the same time it must reduce services or eliminate features in current or future market (Bourletidis, 2014).

According to the literature from Kim and Mauborgne (2004), a Blue Ocean is created at the border where a company’s actions affect both the cost structure and value to buyers. Buyer values are increasing and creating elements that the industry never offered previously. Blue ocean strategies are based on a world view in which market boundaries are stretched.

Figure 2.5 Cost structure and Buyer values



Blue Ocean focuses on redefining the existing problem itself; it is about reconstructing existing buyer value elements to create a new form of product offering. Redefining the problem usually leads to changes in the entire system and hence a shift in strategy whereby recombination (breaking and remodeling) may end up finding new solutions with subsystems' activities that serve to reinforce an existing strategic position. Recombination, on the other hand, also tends to maximize technological possibilities to discover innovative solutions. The key defining features of Red and Blue Ocean strategies are shown in Figure 2.5

Table 2.5 Red Ocean Strategy versus Blue Ocean Strategy

<b>Red Ocean Strategy</b>	<b>Blue Ocean Strategy</b>
Compete in existing market space.	Create uncontested market space.
Beat the competition.	Mark the competition irrelevant.
Exploit existing demand.	Create and capture new demand.
Make the value-cost trade-off.	Break the value-cost trade-off.
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost.	Align the whole system of a firm's activities in pursuit of differentiation and low cost.

Source: <http://www.valuebasedmanagement.net>

## **CHAPTER 3**

### **METHODOLOGY**

This study focuses on identifying the marketing strategies of hotel chains and newly opened hotel chains in Patong. The study consists of two main target groups (pre-existing and newly-opened hotel chains) that conduct their business against a backdrop of high competition with low customer purchase power for rooms. This chapter describes the methods used in this research. It is organized into sections, as follows:

- 3.1 Target population
- 3.2 Sample and Sampling Method
- 3.3 Type of Research
- 3.4 Research Instruments
- 3.5 Data Collection
- 3.6 Content Analysis
- 3.7 Pretest Survey

#### **3.1 Target population**

The two target groups involved in this study are described as follows:

Group 1: International and domestic brands of pre-existing hotel chains in Patong (opened before 2012).

Group 2: International and domestic brands of newly-opened hotel chains in Patong (opened 2012 to 2014).

Additionally, to fulfill objective two, the hotel interviews were divided between those belonging to domestic chains and those belonging to international chains.

#### **3.2 Sample and Sampling Method**

Purposive Sampling Method was applied for this research and in order to choose a confident representative of population which was involved in operation of marketing for the study.

Altogether, 14 chain hotels were identified in Patong. The researcher contacted them and all 14 agreed to have an in-depth interview. The respondents were executive level employees or the sales & marketing heads of pre-existing and newly opened chain hotels in Patong. The researcher identified the hotels that have an active brand and who were actively marketing and selected them based on these criteria. The researcher used the list of accommodation in Phuket managed by the Tourism Authority of Thailand (TAT), and then researched to find out which groups have active marketing strategy related to Red or Blue ocean strategy. In addition, the researcher discussed (via interview) other marketing strategies for strongly competitive scenarios for hotel chains in Patong. Among these hotels, the convenience sampling method was used to select executive levels or sales and marketing heads for face-to-face interviews, and 10 hotel chains permitted the researcher to conduct interviews. The researcher planned to achieve 20 interviews within a four-month period of data collection. In all actuality, there were 10 hotel chains that responded provided sufficient data of studying.

Moreover the researcher had the opportunity to interview face to face the President of Thai Hotel Association Southern Chapter and Vice president of Phuket Tourism Authority. The purpose was to investigate their opinion regarding the situation of tourism in Patong in 2014 and what is the proper solution for hotel chains to maintain the business among high competition between newly opened hotel chains and pre-existing hotel chains. They have a marketing strategy they use in order to insure their business survival. Both interviewees shared their opinion on Blue and Red ocean strategies for Patong hotels.

### **3.3 Type of Research**

This study is exploratory research and uses a qualitative approach. Qualitative data was gathered from in-depth interviews with personnel who are at executive levels and sales & marketing heads of hotel chains (and/or their individual sites) in Patong.

### **3.4 Research Instruments**

In-depth interviews were conducted with executive level and sales & marketing heads from 14 hotels in Patong. The main topics covered the marketing strategies of the hotel



industry. The interview focused on how the hotel chains guarantee their business among high competition.

### **3.5 Data Collection**

A quantitative method was applied to collect data by face-to-face interviews that were conducted in the period of October until December 2014 with marketing department heads, directors of sales and marketing or executive level personnel of hotels in Patong. Most respondents have working experience of many years in hotel. The interview schedule was set up based on the interviewees' availability and convenience. The interviews each took approximately 60 minutes to complete, and the question outline was sent by email to the interviewees for consideration before the real interview.

### **3.6 Content Analysis**

The research findings come from both interview and the open-ended questions in the pre-interview question form. Content analysis enables the researcher to examine most of the marketing strategies of hotel chains that they selected to compete in a period of high competition in Patong. The data from the expertise of the hotel chains indicates the right positioning and marketing strategies for the hotels, and identifies the right target of customer in an increasingly competitive landscape.

### **3.7 Pretest of Survey Instrument**

The interview questions were modified for the purpose of more clarity after the first two interviews had been conducted. Some changes in the sequences of the questions were made. In addition, some of the repetitive questions that could allow the researcher to get more data from the interviewees during the interviews were combined when conducting the interviews. In short, a process of modifying, amending, replacing, combining, and perfecting the interview questions was undertaken before the full interview phase began.

## CHAPTER 4

### RESULTS OF THE STUDY

This chapter focuses on the data analysis. This research intended to study the marketing strategies of hotel chains under the increased hotel competition in Patong. The qualitative data was gathered from personal interviews from executives or the sales and marketing managers of 14 hotel chains in Patong, Phuket that opened between January, 2007 to December, 2014 (with one exception that opened in 1999).

From 2007 to 2011, there were only four hotel chains in Patong, and there were as follows:

1. *Holiday Inn Resort Phuket*, managed by the IHG brand, opened in 1999.
2. *Millennium Hotel Patong*, managed by the Millennium & Copthorne hotel brand, opened in 2008.
3. *Centra Ashlee Hotel Patong*, managed by the Centara Hotels and Resorts brand, opened in 2010.
4. *Ibis Patong Phuket*, managed by the Accor brand, opened in 2011.

According to tourism trends and forecasts, the number of tourists visiting Phuket has increased yearly. From 2012-2014, new hotels were rapidly established in order to supply both foreign and domestic tourist demands, including ten newly-opened hotel chains in Patong as follows:

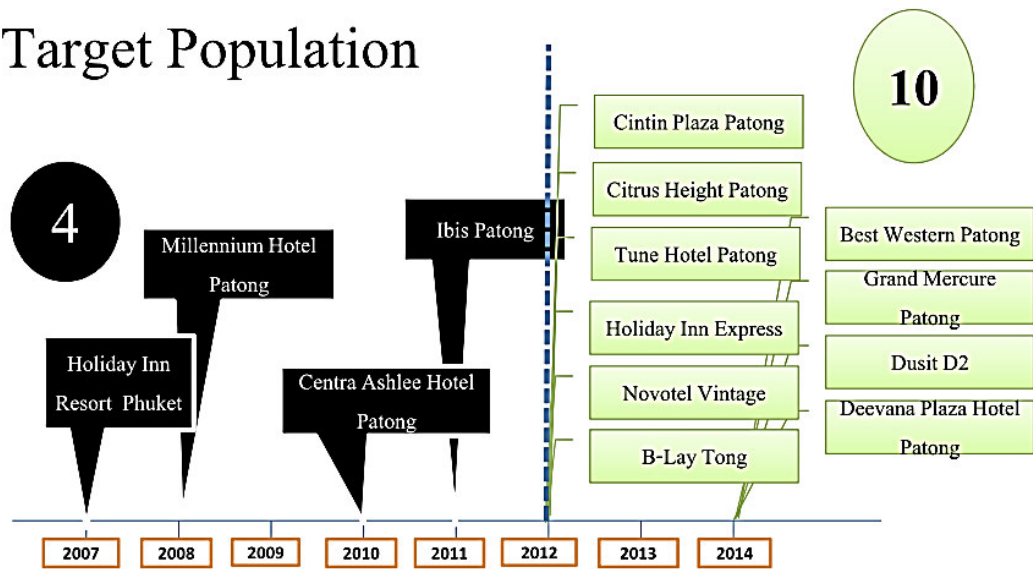
1. Citin Plaza Patong Hotel (2012) – managed by Compass
2. Citrus Height Patong Hotel (2012) - managed by Compass
3. Tune Hotel Patong (2012) - managed by Tune
4. Holiday Inn Express Phuket Patong Beach (2012) - managed by IHG
5. Novotel Vintage Patong Phuket (2012) - managed by Accor
6. B-Lay Tong (2012) - managed by Accor
7. Best Western Patong Phuket (2014) - managed by Best Western
8. Grand Mercure Patong (2014) - managed by Accor
9. Dusit D2 Patong (rebranded in 2014) - managed by Dusit
10. Deevana Plaza Hotel Patong (rebranded in 2014) - managed by Deevana

Figure 4.1 Research target population hotel chains in Patong, 2014

For this study, ‘pre-existing’ hotels refer to the four hotels opened before 2012.

‘Newly-opened’ refers to the 10 hotels opened from 2012 to 2014.

## Target Population



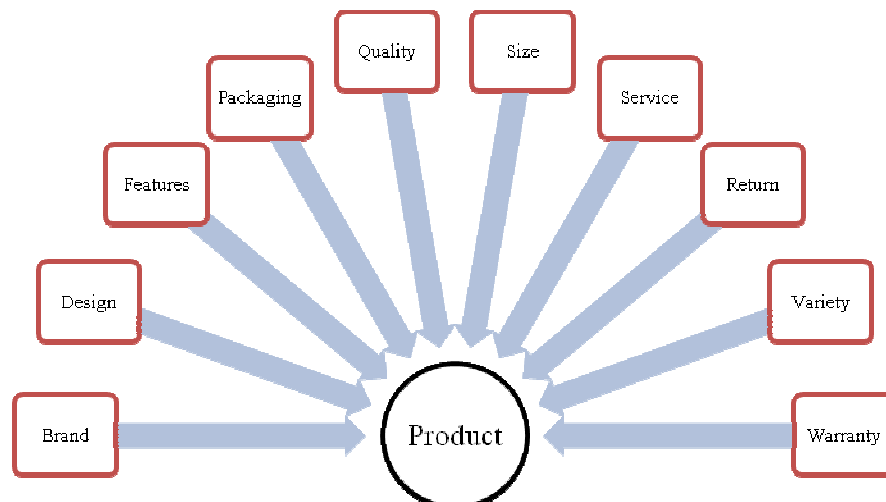
### Qualitative data collection

In-depth interview data from 14 hotel chains in Patong:

#### 4.1 Product Section

(brand, design, features, packaging, quality, size, services, returns, variety and warranty)

Figure 4.2 Parameters of Marketing Mix-Product



**Product -Four pre-existing hotel chains:** Holiday Inn Resort Phuket, Millennium Hotel Patong, Centra Ashlee Hotel Patong, and Ibis Patong have clear concepts and product designs. Most hotels focused on customers' needs, providing services, room sizes, and hotel facilities that match the star levels of the hotels. Four-star hotel chains have provided minimum four room categories such as superior room, deluxe room, pool access room and suite room or president suite (name of each category define by hotel) for increased selection possibilities. Two hotels (Holiday Inn Resort Phuket and Millennium Hotel Patong) have pool villas or pool access, which are popular among customers. Additionally, the researcher found that most customers choose these hotel rooms for the following reasons:

1. Prominent design
2. Proximity to the pool
3. Width of the room

Table 4.1 Sample room categories of Holiday Inn Resort Phuket and Millennium Hotel Patong

(4 star hotel)	
Holiday Inn Resort Phuket	Millennium Hotel Patong
1. Superior room	1. Deluxe room
2. Deluxe room view pool	2. Grand deluxe
3. Busakorn studio	3. Junior suite
4. Busakorn villa pool view pool	4. Cabana *
5. Busakorn villa pool access pool*	
6. Family suite	
7. Kids suit	
8. Penthouse suite	

Remark \* pool access

Source: <http://www.phuket.holidayinnresorts.com> and <http://www.millenniumhotles.com>

Three-star hotel chains such as Centra Ashleely Hotel Patong has only one room category and Ibis Patong has two room categories, customers have no further choice of other room types.

Table 4.2 Sample room categories of Centra Ashlee Hotel Patong and Ibis Patong (3 star hotel)

Centra Ashlee Hotel	Ibis Patong
Superior room	1. Standard room
	2. Family room

Source: <http://www.centarahotelresort.com> and <http://www.ibis.com>

However, size and design of room have influence on customers' decision. As such, hotels gave attention to product, design, size, and services to best compete with their competitors. One general manager said, "Hotel offers only one room type but the room size provides in 41 square meters with model design inside. It is wider and comfortable to stay. Moreover, we have guaranteed guests' satisfaction during their stay. If our products do not meet the guest expectation, we are delighted to give compensation to the guests" (interviewed, October 6<sup>th</sup>, 2014). Four interviewees of the pre-existing hotels said that the product was very important for their hotel business. Customers did not care much about the age of the hotels, but more so about the condition of the products, new or old. Consequently, all 4 hotel chains must maintain the quality of their products by maintaining and refurbishing the furniture of the rooms, the public areas, and the buildings during low occupancy or low season. Additionally, pre-existing hotel chains were usually attentive to green practices, which ensured that they comply with environmental standards. Indirectly, hotels can reduce expenses via their green policy. Hotels practicing Corporate Social Relationship (CSR) also have green practice certificates. Overseas agencies have decided to increase their room booking levels with the hotels that are certified with green practice certificates.

**Product – Ten newly opened hotel chains:** Cintin Plaza Patong, Citrus Height Patong, Tune Hotel Patong, Holiday Inn Express, Novotel Vintage, B-Lay Tong, Best Western Patong, Grand Mercure Patong, Dusit D2 and Deevana Plaza Hotel Patong had certain advantages with their products and designs. These hotels looked more modern and respond to contemporary customers' needs. However, newly-opened three-star hotel chains provided only one room type and gave significance to services similar to the pre-opened three-star hotel chains. One senior sales manager said, "We have made a clear description from when guests make their reservation that the hotel has no extra bed service, no extra services or facilities for children, no bell boy service, no restaurant service, and we serve only breakfast, and free coffee at the hotel lobby. If

*guests come to the hotel and request those services as we mentioned above, the General Manager is delighted to refund the full money back to the guests and asks the guests to find new hotels. The hotel doesn't want guests feeling unhappy during their stay in the hotel"* (interview, September 29<sup>th</sup>, 2014).

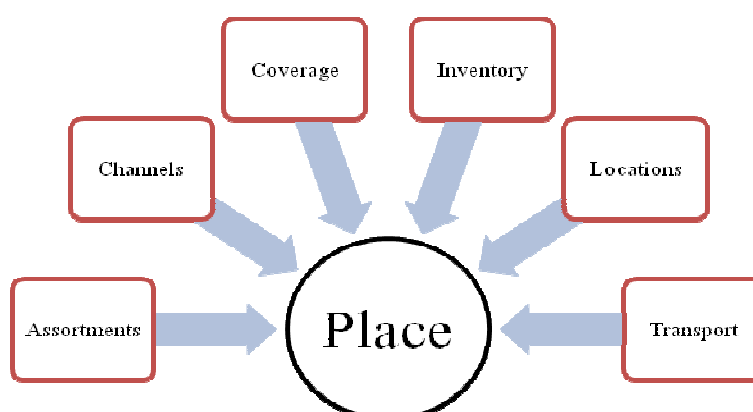
As for restaurants and facilities, four hotel chains were not different from their competitors, while three of 14 hotels differentiating themselves because they have swimming pools and pool bars on the rooftops. Having a swimming pool at roof level has become the strength of three-star hotel chain properties in Patong. According to literature review of Peattie and Belz (2012) products must fit the task of satisfying consumers' need.

Furthermore, 10 of the 14 hotels were interested in green practices, had green certificates, and used the green certification as a marketing strategy because tourists and tour operators from overseas give importance to environmental considerations. Agents delight in supplying business to the hotels that have green certificates. This is becoming an advantage point for newly-opened hotel chains. Hotels have to create a green space from the design stage of the hotels and also have time to train staff to have a good knowledge regarding green practices. However, most of interviewees said that *"Brand and products are still more significant to customers' decisions"*.

#### 4.2 Place Section

(Assortments, Channel, Coverage, Inventory, Locations, Transport)

Figure 4.3 Parameters of Marketing Mix - Place



**Place- Four pre-existing hotel chains** had benefits in terms of *Place* because two of them are located near the beach (Holiday Inn Resort Phuket and Centra Ashlee Hotel Patong) and two more had an advantage because their location is near a shopping center and the night entertainment (Ibis Patong and Millennium Hotel Patong.) Over the years, tourists have visited Patong mainly for relaxing on the beach, and so Patong's beach is famous for pull in tourists. Moreover, tourists can easily find these four hotels because they are situated on Rat-Uthit 200 Pee Road (from south to north - Ibis Phuket Patong, Millennium Hotel Patong, Holiday Inn Resort Phuket, and the Centra Ashlee Hotel Patong, respectively). Therefore, tourists can find the hotels using these methods:

- Services from local taxis
- Hotel signage presented on the main roads
- Airport transfer services (4 and 5 star hotels offer this service)

One director of sales said, "*Previously, there were not many hotel chains and then, the local taxis knew well the location of each hotel*" (interview, 6<sup>th</sup> October, 2014).

Furthermore, these hotels provided many channels for tourists to find out about their products and services or make reservations, such as:

- Contact via travel agents (overseas and domestic agents)
- Reservation via hotel websites and other websites
- Reservation via smart phones on hotel application
- Contact directly with the hotels
- Contact via Taxi drivers

**Newly-opened hotel chains** are mostly located near attractive facilities such as Patong beach, and shopping areas, so the hotels are visible to the customers. One General Manager said that "*Hotels should be located far from Patong center, however this is possibly a planned advantage point because it is suitable for tourists who want to stay in quiet area*" (interviewed, October 17<sup>th</sup>, 2014).

Furthermore one sale manager said, "*Hotel should have location closed by shopping area (Juncelton department store and night market) and night entertainments. It is convenient for customers can walk to those places and save money for taxi fee*" (interviewed, October 28<sup>th</sup>, 2014).

Moreover, newly-opened hotel chains created several more channels for tourists to easily find them. For instance:

- Hotel maps via hotel websites on smart phones
- Services from local taxis
- Hotel brochure picked up at the Airport
- Hotel signage presented on the main roads
- Airport transfer services (4 and 5 star hotels offer this service )

In addition, newly-opened hotel chains provided similar channels for making reservation similar to the pre-existing hotel chains such as:

- Contact via travel agents (overseas agents and domestic agents)
- Contact directly with the hotels
- Reservation via hotel website and other websites

The hotels that opened in 2014 especially had their main websites designed for supporting tourists who were looking for accommodation while traveling. From there, social networking websites commenting on hospitality and tourist businesses became an indirect strategy to promote those newly-opened hotel chains.

Moreover, newly-opened hotel chains provided free WiFi services in order to service traveler's needs. Now, many travelers prefer reserving air tickets and accommodation by themselves. Hotels were smart to tap into social networking as a marketing channel to attract (targeted) customers. Customers could view room prices or special promotion rates and the hotel's facilities before traveling. Furthermore, travelers could read feedback of previous guests on TripAdvisor, or review pages on hotels' websites before making a decision to reserve rooms. However, travelers could still contact the hotel directly, via the hotel's website or email, or directly the hotel staff by telephone, in case they had special requests or wished to enquire further about special rates and other amenities, such as free extra beds, free late checkout, free airport transfers and others. Interviewees from six newly opened hotel chains gave the same feedback that booking through travel agents still predominated in this market segment. Especially customers who planned to travel to other countries for the first time, reserved accommodation via travel agents.

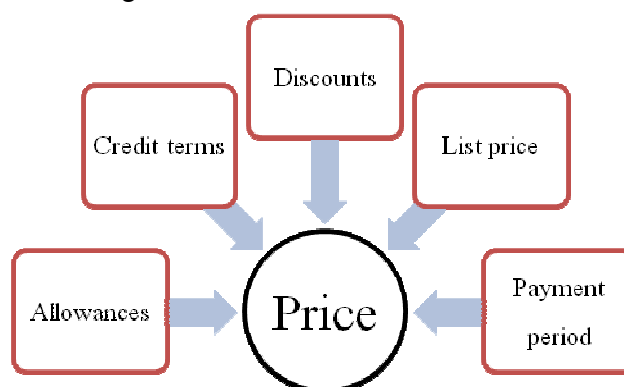


On the other hand, five newly-opened hotel chains gave positive responses about receiving more bookings via websites such as Agoda.com, Booking.com and TripAdvisor.com, to name but a few. Lastly, the interviewees of three newly-opened hotel chains said that their hotel was booked via all channels as mentioned above. According to the study of Peattie and Belz (2012) presented that place should be easily found in searching from e-commerce web sites or an online shops.

### 4.3 Price Section

(Allowances, Credit terms, Discounts, List price, Payment period)

Figure 4.4 Parameters of Marketing Mix - Price



*Newly-opened hotel chains* determined price strategy by offering room rates for each season to agents in advance, and by offering promotional rates, to attract customers' decisions. Hotels wanted to attract the right market and expect to get the 'right' customer demographics. One reason for promoting low rates during the first year of a hotel's operation is to make guests' and agents' first visit a memorable one, focusing on amenities, and not the expense. Another indirect result of price strategizing was word of mouth marketing, which could advertise to, and educate others about these new hotels. As a result, by offering low prices newly-opened hotel chains were employing the Red Ocean strategy to compete with other hotels in Patong.

Simultaneously, the statistics of tourists visiting Phuket change on occasions. For example, in 2014 Chinese tourists were number one in terms of numbers to visit Phuket and travel agents had a lot of power to negotiate the prices. One hotel's sales manager explained that, "for the first year after opening a hotel, sales cannot offer high prices to the

*customers and agents because for first year the hotel aims to promote the hotel and focus on the customers' experiences during first stay. Hotel will focus on occupancy and guests' feedback"* (interviewed, February 4<sup>th</sup>, 2015). According to the fact that hotels have encountered with the problem of fixed cost and variable cost, then they have to define dynamic price model of setting a deadline for unsold rooms to recover their values in order to achieve maximum revenue. Moreover, hotels should use the strategy of offering strong incentives to agents in order to sell out all the rooms according to the daily target (Gallego and Van Ryzin, 1994).

***Pre-existing hotel chains*** often have a specific positioning in the market and insist on selecting the right customers. According to the study by Kims and Chase (1998) pricing is not only a key strategy for hotels' adaptation to manage revenue but also an important tool to build and enlarge cooperation. Therefore, pre-existing hotels cannot decrease their price much. Hotels offer contract rates to travel agents, and then follow up with promotional rates according to a certain seasonal situation. However, hotels must also determine room rates with consideration to other hotels competing at the same star rating. On the other hand, hotel chains have corporate offices to monitor this matter, and so most hotel chains must keep in touch with the travel agents and online business. In addition, six interviewees at the hotels did not have a policy to use a flat rate to sell for the whole year because tourism seasons in Phuket can be divided into three seasons, as follows:

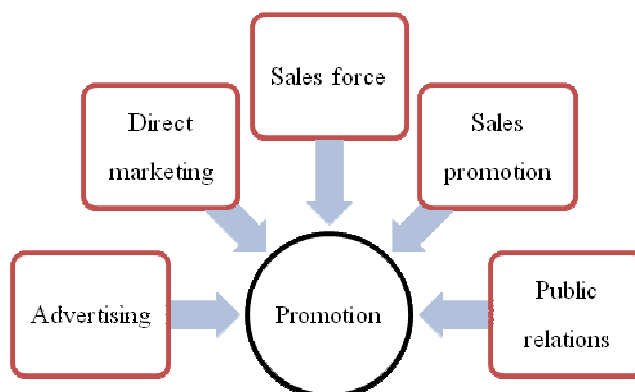
- Low season (April to October)
- High season (November, February and March)
- Peak season (December to January)

Finally, room rates were adjusted up and down depending on any particular global or regional socio-political-economic issues or crises or any prevalent conditions at a given time. Gu (1997) mentioned that creating a room pricing model has helped increasing the productivity of hotel and Lai and Ng (2005) explored further in the circumstances of uncertainty that it needs to work over the best model of hotel pricing. For example, in 2014, room rates were often adjusted based on the varying nationalities of guests or market segments.

#### 4.4 Promotion Section

(Advertising, Direct marketing, Sale force, Sales promotion, Public relations)

Figure 4.5 Parameters of Marketing Mix - Promotion



*Newly-opened hotel chains* often discussed early promotional rates with travel agents for them to promote the hotels at least three months in advance to advertise and upsell to the customers. In this way, promotions were agreed upon between hotels and agents. Both parties discussed and finalized the best rates for the sales drive to receive good responses from customers. Therefore, interviewees of eight chain hotels said they have a rate structure in that they cannot offer lower rates to the agents. One General Manager explained that, “*Sometimes, he (the agent) has to refuse to join the promotion because the agent requests to get a rate lower which is unacceptable for the hotel*” (interview, October 7<sup>th</sup>, 2014). One more comment from a sale manager explained that, “*Because chain hotels operate under a brand, the brand will select the right customers who have the power to purchase their product. So these hotels will not play Red Ocean with others, but they have to work hard to find new markets*” (interview, September 29<sup>th</sup>, 2014).

Here are some of the best promotions that interest customers:

- Room rate discount promotion
- Hot deal via website promotion (online booking)
- Net rate promotion
- Added-value promotion, such as fruit baskets, free massage, free lunch and dinner, complementary turn down service, and free round trip airport transfer, and others (Blue Ocean strategy)

*Pre-existing hotel chains* from an international hotel chains can sometimes reduce room rates to undertake a promotion with overseas agents to pinch customers from other hotels. One hotel has offered payback commission to the agents instead of offering lower prices. Gallego and Van Ryzn (1994) discussed that achieving in maximum revenue hotels, they should use the strategy of offering strong incentives to agents in order to sell out the rooms to meet the daily target, and two international hotel chains offered promotional room rates because they have base previous customers who planned to return every year. Another powerful sales and marketing option has been to advertise their hotels in other countries rather than having a room-rate promotion.

All of the hotel chains agreed that the best period to have promotions depends on the situation at the time in Patong, and they continually monitored their sales reports and occupancy forecasts. If hotels do not promote in a timely manner, it might cause low occupancy because they said promotion does not attract customers that were hoped for. On the other side, four hotel chains have advertised by word of mouth (WOM). Customers were happy to suggest to friends, family and colleagues to stay at certain hotels. These hotels include the Novotel Vintage Patong and the Holiday Inn Express Resort Phuket which have recorded guest returns and WOM references (both hotels with 65% and 15%, respectively), while other hotels have not recorded such statistics yet.

#### **4.5 People Section**

*Newly-opened hotel chains* usually only arranged minimal training for staff to prepare them to be able to operate smoothly and provide professional services to the customers, upon opening for business. Hotels should arrange continual training for their staff to maintain the standard of their products and services over the long term and to encourage the customers to return in the future since interactions between customers and staff can affect customer satisfaction (Lovelock, 2011). When new hotels opened, they authorized the management, the duty managers, or supervisors to handle problems and to make decisions to resolve them in a timely manner. Also, if there were problems, hotels planned to compensate the customers in some way. One of the hotel chain respondents stated that, “*our seven front office staff came from another hotel*

*chains in Patong. They decided to join our newly-opened hotel chains because we offer them a higher salary and they have the experience to quickly support our operations with their background. However, they are needed to adapt their experience to the new brand also”* (interview, February 4<sup>th</sup>, 2015).

Efficiency staff have provided the right process to meet the guest satisfaction and good treatment of customers. In addition, having the right people is essential because staff are as much a part of the business offering as the products/service offering (Booms & Bitner, 1981).

*Pre-existing hotel chains* had one advantage with their people because the continuing staff needed minimal retraining for their product knowledge and service standard every year. Pre-existing hotels spent some available time during the low season to redevelop the knowledge and skills of their staff because the staff could become a tool to attract customers to return every year. One sales manager interviewee from a hotel chain stated that *“one reason guests return is because guests like the service from the staff, and so they decide to come back to stay in our hotel to see the staff and receive the same service as during their last stay”* (interview, November 20<sup>th</sup>, 2014).

Eighteen interviewees mentioned that people, or employees were important for their hotel business. The best solution to maintain service standards in a highly competitive situation and to gain advantage was to provide quality staff training, which could be carried out during the low season. So, most hotels arranged some training for their employees.

Hotels opened many channels for guests to be able to share their feedback, such as:

- TripAdvisor
- Front desk (often call new guests over the first few days of their stay to check their progress/ Courtesy call)
- Guest questionnaires

Finally, hotels had procedures to handle guest complaints by authorizing managers on duty to decide on giving compensation to fulfill customers' satisfaction if needs be.

#### 4.6 Process Section

*Pre-existing hotel chains* from four or five-star hotel chains had fast check in and fast check out processes provided as a special offer for customers. They could also classify the purchasing power levels of the customers to reserve a room in a higher category. Three-star hotel chains have eliminated some processes such as the bell-boy, mini bars in guest room, turndown, and limousine services. However, some interesting processes can be a good strategy for selling products. For instance, fast check in, fast check out, no deposit during a stay and no charge for the minibar. In this way, customers may feel satisfied and return for another visit.

*Newly-opened hotel chains* also provided similar processes to the pre-existing hotel chains to make sure that customers felt comfortable while they stayed in the hotel and received good service from the staff. If staff did not get training before meeting the customers, it might have negatively affected the processes in place. One of the hotel chain respondents stated that, “*because new staff have just learned how to use the systems, sometimes the speed of the service does not meet the customer expectation. So, managers still need to supervise new staff at the beginning*” (interview, February 4, 2015).

#### 4.7 Physical Evidence Section

*Pre-existing hotel chains* provided facilities as per their hotel category and also changed according to the trends of technology. So, pre-existing hotel chains had to plan to renovate and maintain their product every year, such as modifying the design of the restaurant to make it more attractive for the guests. Room maintenance was needed to refurbish furniture in the low season. Moreover, repainting the building in a timely fashion could give product-confidence to the agents and customers. Staff uniforms were significant in this physical evidence section, as they presented the professionalism of the hotel under its brand standard. Finally, hotels needed to offer celebrations to the customers for special occasion such as birthdays, wedding anniversaries, and others.

*Newly-opened hotel chains* usually had an advantage in the physical evidence section because even if the facilities were similar, the hotel looked newer and in better condition than the pre-existing hotel chains. Maintenance jobs were not a major issue if compared with the four pre-existing hotels. Often these newer hotels had more impressive designs, room concepts,

restaurants, landscapes, swimming pools, public areas, spas and fitness centers. Newly-opened hotel chains also provided birthday surprises to the customers or set up honeymooners' rooms to impress customers in a similar way to pre-existing hotel chains.

#### **4.8 Brand Section**

This study found that brand played a very important role for the customers and brand could encourage purchasing and a sense of reliability in a product because customers expected to receive certain qualities and services from the hotels. Brands stood out if they were well known internationally or domestically. Brand creates loyal customers because customers trust in the products and services. All interviewees confirmed that their brand helped to support their hotel through this sense of reliability that the customers experienced. Customers expected to receive good products and good services and value for money. One hotel's sales manager explained that, "*because we work under a brand umbrella, we cannot put our self forward to play in the Red Ocean as some hotels do*" (interview, September 29<sup>th</sup>, 2014).

The brands of each hotel chain were significant for customers when they were making decisions to purchase products because each brand has certain expertise to offer to the customers. This reliable brand expertise provides services that meet the expectations of customers. The brands in Patong can be separated into two categories for the sake of this research:

##### **International brands**

1. Accor
2. InterContinental Hotel Group (IHG)
3. Compass Capital International limited
4. Best Western International Inc.
5. Millennium Hotels and Resorts
6. Tune Hotels (rebranded to Red Planet Hotel)

International brands in Patong have their main corporate offices established in other countries and have expanded their business to establish hotels in Thailand from 1999 to 2014.

### **Domestic brands**

1. Centara Hotels & Resorts
2. Dusit Thanee
3. Deevana Hotels & Resorts

Domestic brands have firm plans to establish more hotels by expanding into neighboring countries. There are two ways to manage brands. Firstly, the hotel chain's head office is the business owner; secondly, the hotel chain's head office provides the structure and management for the business within its brand's standard, however is not the business owner.

For both objectives, the researcher cross-referenced two factors (Newly-opened hotel chains vs. Pre-existing hotel chains) with two other factors (Domestic chains vs. International chains) to create a two x two matrix to explain how these factors relate with the 7Ps Marketing mix, and the Blue Ocean and Red Ocean strategies.

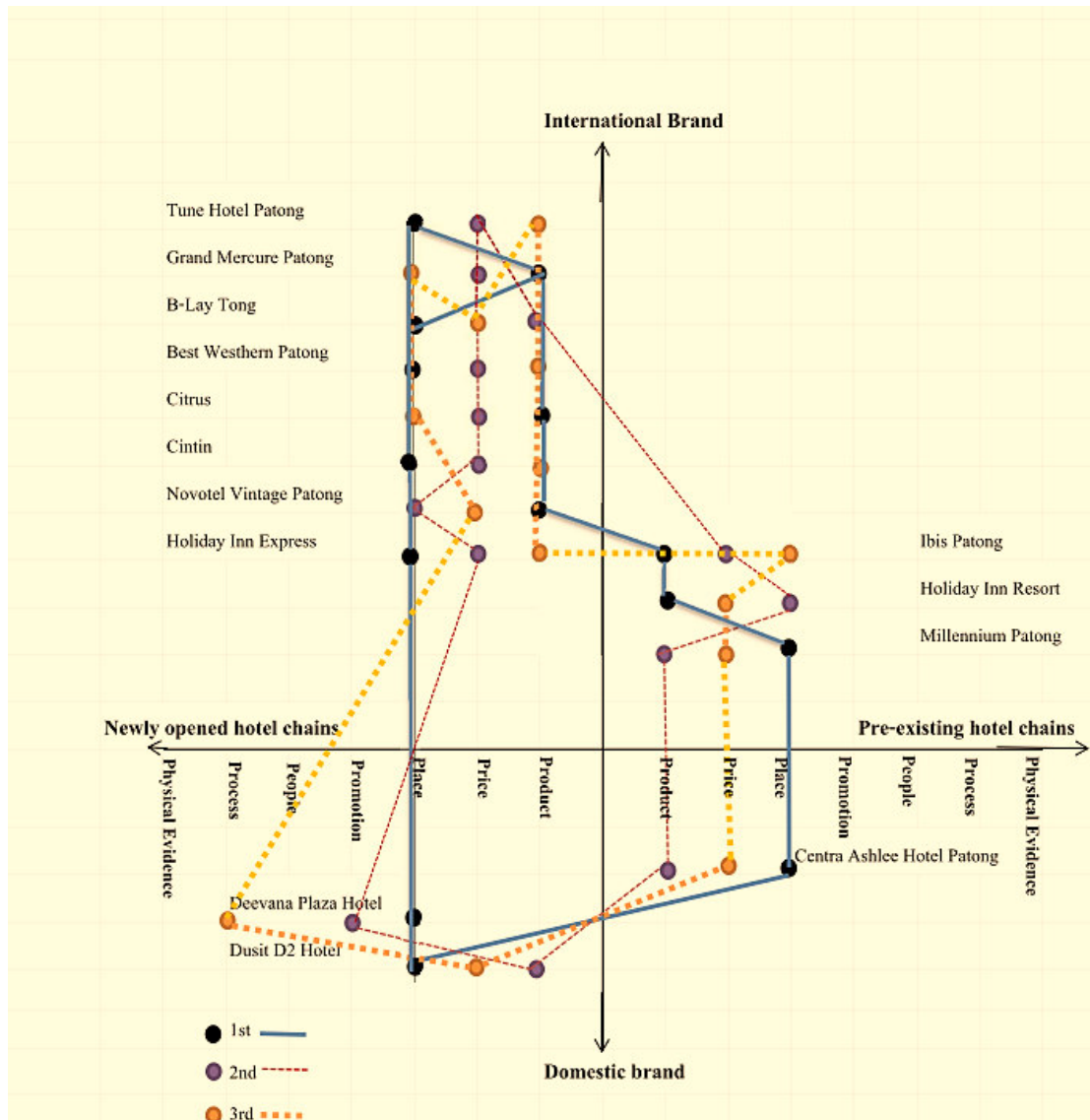
The matrix is separated into 4 parts which are cross-referenced with other factors allowing researcher to interpret the meaning of each box as show in Figure 4.6

**Part 1 (Top right): Pre-existing hotel chains cross-referenced with international brands:** 3 hotel chains in this part have given majority to *P-Product*. Hotels will focus to maintain and have consistency with the level of their products. Hotels ensure that their customers are satisfied with the products; especially for returning customers. Therefore, hotels provide full facilities to their customers and plan to refurbish in a timely manner.

**Part 2 (Bottom right): Pre-existing hotel chains cross-referenced with domestic brands:** only one hotel chains in this part has shown strength in *P-Place* (or location.) Such hotel has opened in a good location such as, close to the beach, close to shopping areas and close to night entertainment, etc. The hotel use location as their strategy to attract customers to make the decision to stay with them.



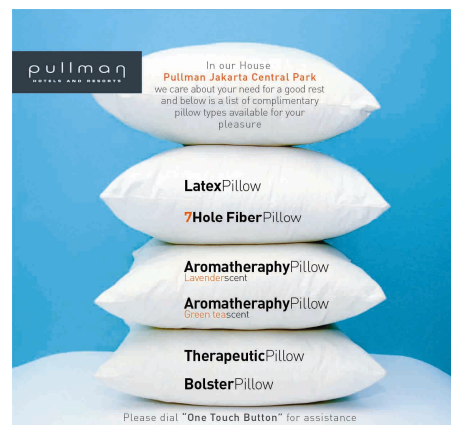
Figure 4.6 2x2 matrix 2 factors (pre- Vs newly-opened) compared with 2 other factors  
(domestic Vs international chains)



**Part 3 (Top left): Newly-opened hotel chains cross-referenced with international brands:** 8 hotel chains in this part usually apply strategies product, promotion combine with the *Blue Ocean strategy* to promote the hotels. Hotels have the strategy to create the new products and value offerings to attract customers. For example, hotels may provide a “pillow menu” in all rooms. Customers can select the pillow they want during they stay in the hotel without any extra charge. Another idea is the “All day Breakfast” - customers will get their breakfast once a day and at the time that they request. A final example is the “bed sheet character

*design menu*” - hotels provide a bed sheet menu in the guestrooms. Customer can select their bed sheet and give their order to the room maid to make up their room.

Figure 4.7 Sample of Blue Ocean Strategy.



Source: <https://azraelsmerryland.blogspot.com>

**Part 4 (Bottom left): Newly-opened hotel chains cross-referenced with domestic brands:** 2 hotel chains in this part often decide to use price strategy to compete with competitors. The hotels decided to cut down the price making it quite attractive to the customer, a *Red Ocean Strategy*. Hotels focus on finance and aim to survive their first year in business. So, price strategy and promotion strategy become hot issues and tend to create a blood-red ocean in this zone.

Figure 4.8 Red Ocean Strategy



Source: <https://www.linkedin.com>

#### 4.9 Others Section

The personal interview can obtain general and specific ideas from interviewees who experienced and applied hotel marketing strategies in the market conditions of 2014:

1. In-country political crises
2. Phuket airport runway closure from 9pm to 3.30am
3. Ukraine's political crisis and currency depreciation
4. Ebola virus outbreak 2014
5. Murder of two British tourists on Koh Tao island

The reaction to these crises and subsequent forward-planning was managed by the general managers, revenue managers and especially by the sales and marketing heads. The high-level executives and managers were all concerned to define the process to secure high profits, as follows:

- To minimize fixed expenses such as payroll, utilities, etc.
- To hire temporary staff if permanent staff resign.
- To suspend investment and Capital Expenditure.
- To offer discount rates to potential agents.
- To offer big discount rates for contract commitment with some agents.
- To create special packages to promote domestic customers.

The result from interviewed present that 7Ps marketing mix is significant to hotel chains to operate the business depend on timing, situation and number of competitor in same area. The situation in Patong at the moment is one of quite strong competition with more independent hotels appearing without control for share market of customers from hotel chains. They used price strategies to attract the customers. Their target is customers who do not want to pay more or do not want full standard of service and product. They want to pay less for accommodation for their holiday. On the other hand, customers who want to get good service and good product for holiday book accommodation with hotel chains which they are trust and expect to get good product and good service. Customers of this target come up with complaints if hotels cannot provide product and service to meet their expectation.

In interviewees' opinion of pre-existing hotel chains and newly opened hotel chains have a common agreement that *People or employees* have influence on customers. They are the key to provide the good service to the owner and customers. 3 interviewees said they have good product, good process and customers. They might not be successful if they have poor people service. Many customers want to return to the same hotels because they like staffs who learn to know the behavior of customers. Staffs have taken care of them and made them feel as if they stayed at a second home. Staffs have created relationship to the guests and know how to handle problems to make them happy during stay. This is important. Hotels must fix guests' problem during their stay and make sure they would not write any complain to the hotel after they back home. Then hotel chains can arrange training to staffs during low occupancy or low season.

Newly-opened hotel chains have used *price strategies* in the first years to promote the hotel. Then they do not know that they put themselves into Red Ocean to compete with other new hotels, whether hotel chains or independent hotels in same area. This affects the positioning of hotels in the future. On the other side Pre-existing hotel chains conduct business by maintaining their positioning and selecting the right customers to their product. Blue Ocean has applied to this target group. Pre-existing hotel chains used strategy to added value for money to their customers because the trend of market is not stable. Hotels have to provide a good deal to customers to influence the decision to purchase their products and create reliability to customers by brand of product.

Domestic hotel chains can adapt strategy following situations or crises that confront of hotel business faster than International hotel chains such as the reduction in the number of people to match with occupancy for saving payroll expense and launching hot deal discount promotion for snatching the business from competitors, making maintenance suspension unnecessary. International hotel chains can still continue to maintain their product and suspend only investment expense. International hotel chains have world wide reservation network and advertising to contact their customers around the world so they can survive although confronted with crises.

## CHAPTER 5

### CONCLUSION, DISCUSSION, AND RECOMMENDATIONS

This chapter's conclusions are based on the results of the surveys and are aligned with the objectives determined in Chapter 1.

To compare the marketing strategies used by newly-opened hotel chains (2012-2014) and pre-existing hotel chains in Patong.

To compare the marketing strategies used by domestic and international hotel chains.

This study explored the marketing strategies that hotel chains used for business survival during the high competition year of 2014. In depth interviews were conducted with the executive level personnel and sales and marketing heads of 14 hotel chains in Patong,

#### 5.1 Conclusion

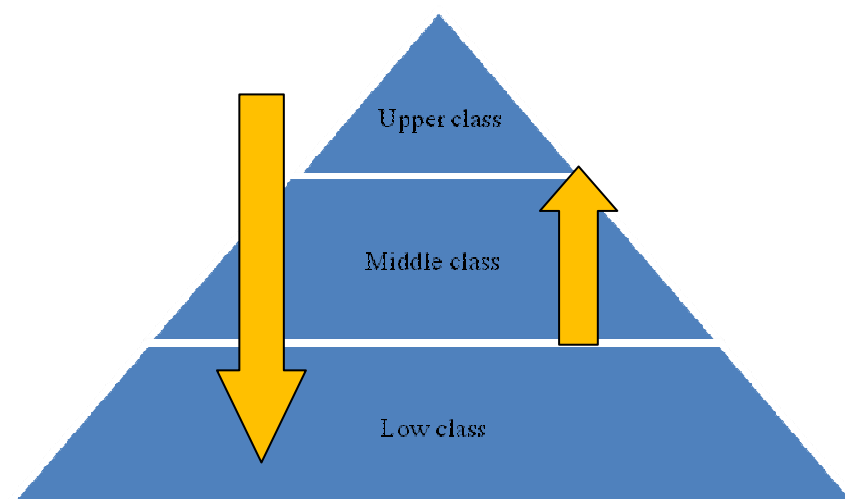
Tourism in Phuket for a whole year can be separated in 3 seasons; summer season, winter season and peak season. So, hotels must find the strategies to attract the customers throughout the year. Previously, hotel chains had fewer competitors because supply curtailed and tourist demand balanced with the supply. In 2012, newly opened 10 hotel chains were established in Patong. The pre-existing and newly-opened hotel chains needed to continue to drive the business forward. Experts have confirmed that currently the hotel supply level in Patong has increased dynamically. According to Barnett (2013) the hotel supply trend from 2006 to 2015 has grown with 4%. In principle, if supply is greater than demand, customers have more power to spend their money as they wish. If there are not enough room products to support the demand of the customers and if there is high demand from tourists, the tourists have less power to select from the products available. In the middle market, the buyer (end user) has the power to force the hotels to lower their prices if the hotels want to win the business. In the economic system called "imperfectly competitive market", if there is a lot of competition for the same products and forecasted to be even higher customer demand, then investors take advantage of this point to build new hotels. On the other hand, in the "perfectly competitive market", the buyer and the seller have equal demand in market. If the market has homogeneous products, then the seller has to accept the rate determined by market (price taker), and both the sellers and buyers consider

whether they should opt in or out of that market space with their business. In Patong, between 2012 and 2014 travel agents created fake high demand in the market to use it as a strategy to negotiate the price with the hotels. Amongst high competition, hotels need to win business to stay alive, and so they often jump into a discount strategy and as a result, Red Ocean occurs in that marketplace.

Furthermore, Kumar, Rahman and Kazmi (2012) mentioned that a marketing strategy is linked with segmentation, targeting, positioning, branding and the marketing mix of a company. In principle, with STP (*S - Segmentation, T - Targeting, P - Positioning*) the seller focuses on the volume/quantity mass market which leads to an income decrease but secures more market share for hotel business. Hotels have to adapt marketing strategies by reducing room prices to survive and this leads to an overall rate reduction in the market. Different hotel chains have determined a clear segmentation of customers and target markets. Hotel chains set their positioning aligned with the right target customers.

In addition, one expert from the Patong Tourism Authority (PTA) has concurred with the study of Kumar, Rahman, Kazmi (2012), that target customers visiting Patong can be classified into three groups. 1. Upper class 2. Middle class and 3. Low class. (See figure 5.1)

Figure 5.1 Pyramid target of customers visiting Patong



Hotel chains with five stars can support the upper class customers because these upper tier customers have a high purchasing power and need to receive excellent service with

excellent products, in a great location. Meanwhile mass tourism customers fill the middle level tier. The lower tier sits at the wider base of Pyramid. The middle and low tier customers will choose four, three, and two star hotels for their holiday. As we go down through the three tiers, customers will spend less and less money, select hotels with lower rates, and pay only for necessary items. Hotels often have to adjust their prices to take business from these targets to assure business continuity.

## 5.2 Discussion

In this part, the researcher discussed marketing strategies via interview with career experts from the hotel chains in Patong and the primary data was collected from 20 interviews. Secondary data was compiled from journals, websites, and articles that were used in the study.

### 5.2.1 Objective 1: To compare the various marketing strategies used by newly-opened hotel chains (2012-2014) and pre-existing hotel chain sites in Patong.

The respondents answered questions about the 7Ps Marketing Mix of product, place, price promotion, people, processes, and physical evidence. The majority of the interviewees were sales and marketing managers, and executives of each hotel.

Findings from the interviews indicated that 10 *newly-opened hotel chains* give priority to 1) *Price* 2) *Product* 3) *Place* and 4) *Promotion*, respectively. However, according to Lovelock (2011), marketing is based on *Product, Price, Place, and Promotion*. So, we can say that the 10 newly-opened hotel chains gave majority to 4Ps overall but in different sequence. Extended from the 4Ps, and present in the study of Peattie and Belz (2010) is the concept of the 4C's: Customer solution, Customer cost, Convenience and Communication.

The first P: *Price*, as Lovelock (2011) mentioned, does not define the income or the profit of hotels, but it also recognized the customer costs that can be more than the price paid to the seller. Price strategy is always a hot topic in the hotel industry. Hotels have defined optimum pricing models for maximizing their profitability (Lai and Ng, 2005). Newly-opened hotels focus on price strategy by offering discounts to consumers. Discounting is the best pricing policy for hotels when they are confronted with high costs and varying demand (Van der Rest and Harris, 2008). For the first year of business operations, price strategy takes into account customer



segments, the ability to pay of the customers and competition with other suppliers. Price strategy has indirect benefits for promoting hotels to customers who gain experience of the newly-opened hotel chain sites. The researcher found that newly-opened hotels would not expect to make high profits in the first year, but the aim is to advertise the hotel through customer uptake.

The second P: *Product* should fit to consumers' needs, and it should meet customer expectations. The study of Lovelock (2011) mentioned that products provide core benefits and valued service to customers. Moreover, product is a tool to select the right customers and set the market position of the hotel. Product, Price, Place and Promotion were the core elements of effective marketing for newly-opened hotel chains. The results from this research in Patong are supported by the study of Varadarajan (2010), in that marketing strategy, in terms of product, refers to an organization's integrated pattern and specific crucial choice concerning products, market, marketing activities, and marketing resources in the creation, communication, and/or delivery of the products that offer value to customers in exchanges with the organization.

The third P: *Place* - in 2014, investors defined a product suite with a specific place. Place was connected with products in the sense of ease of location, proximity to the beach, convenience for shopping, etc. Furthermore, newly-opened hotel chains provided multiple channels for consumers to access their reservation system more easily, such as via e-commerce, online shops, mobile applications, through travel agents and directly with the hotel. In addition, a previous study of Assenov and Khurana (2012), found that customers often use various technology innovations during the trip - for booking accommodation and tours, and for writing online reviews about their experiences. The results are that both price and product marketing strategies of hotel chains are mixed with selecting locations close to the beach or shopping centers that are convenient to find for the customers. Most hotels use these three elements of the Marketing Mix 7Ps to meet customers' expectations. Finally, newly-opened hotel chains have to focus on finance to survive the first year of business, and so price strategy and promotion will be the best route for them.

The results from interviews at the four *pre-existing hotel chains* found that the hotels gave importance to three elements of the 7Ps marketing strategy - *Product, Price and Place*, respectively.

The first element is *Product*: whereas the products of newly-opened hotel chains emphasize design and concept, pre-existing hotels chains focus on the maintenance and upgrading of their products in order to create a new layer of modernity and to maintain the market dominance of their products. Wang and Tzeng (2012), argued that product is the core of the brand. Hotels have to communicate product information to consumers. Product is an asset, organization, design, or service. These should all meet customers' needs and satisfaction levels. Pre-existing hotel chains have an advantage over newly-opened hotel in part due to guests' experience and faithfulness in the product. In the same way, a study of Anker (2004), proposed that brand creates added value for products. Also, Gil, Andre and Salinas (2007) explained that brand increases strategic and economic value for the owner.

The second element is *Price*. Price strategies still apply for pre-existing hotel chains. It depends on internal and external factors. Previously, the hotel market in Patong did not have much competition regarding price. A pricing strategy takes into account segment, ability to pay, market conditions, competitor actions, trade margins, and input costs (<http://www.economictimes.indiatimes.com>). Consequently, before 2012 pre-existing hotel chains were quite stable and maintained their price structure and strategy. However, nowadays price strategy has become a tool to hotel chains and independent hotels in Patong. This result is supported by the studies of Lockyer (2005), and of Rest and Harries (2008), that hotel room rates are based on customers, and different customers are charged different hotel room rates, and that also the room price influences consumers' perception of the service quality and their satisfaction thresholds. Last of all, discounting is the best pricing policy for hotel when there are high costs and changes in demand. For example, pre-existing hotel chains also discount room rates following economic crises, and customers like to get cheaper prices but still receive high value in these conditions set by the Red Ocean Strategy (ROS).

Third element is *Place*: many pre-existing hotel chains have an advantage over newly-opened hotel chains in terms of place, as they had first choice with regard to proximity to the beach, shopping areas, and night entertainment. However, pre-existing hotel chains have to add in multiple channels to increase the ease of finding them, physically and virtually. Some examples are through applications on mobiles, internet activity, direct sales, wholesale, mail order and peer to peer.

Finally, pre-existing hotel chains will pay attention to maintaining their product by making plans for maintenance, providing full facilities, and by refurbishing in a timely manner. However, the 7Ps marketing strategies have significance for hotel chains of both types – newly-opened and pre-existing hotels), although experts will amend the sequence of the 7Ps elements based on policy, economic crises, location, and the nationality of the customer.

### **5.2.2 Objective 2: To compare the various marketing strategies used by domestic and international hotel chains.**

This study examines the 7Ps marketing strategies of hotel chains of domestic and international brands in Patong. All hotels use the 4Ps and 7Ps as key points for conducting business, although the theory of the 4Ps is reduced nowadays (but it still has significance in the hotel industry and for investors.) The three additional elements of the 7Ps marketing strategies now have more support amongst the marketing community: People, Physical evidence and Process. The researcher distinguished international from domestic hotel chains, as follows:

#### *International hotel chains in Patong:*

1. Accor Brand
2. InterContinental Hotel Group (IHG)
3. Compass Capital International Limited
4. Best Western International Inc.
5. Millennium Hotels and Resorts
6. Tune Hotels

#### *Domestic hotel chains in Patong:*

1. Centara Hotels & Resorts
2. Deevana Plaza Hotel
3. DusitThanee

#### *5.2.2.1 Marketing strategies international hotel chains use to conduct their business*

The expert interviewees from *international hotel chains* apply strategies that follow the policies of the hotel chains' regional or head office. As some expert interviewees said, the individual site/location cannot play a part in price setting or new promotion creation because they are determined by the regional or head office. Even the product and standard setup is also defined by corporate brand standard. As stated by Keller (2001), brands will create value for the

customers as defined by marketing activities and their marketing plan. The expert continued to explain that the individual chain hotel site/location does have the responsibility to reach and maintain the required levels of products and services for the customers. If the 4Ps factors, such as *Product, Place, Price and Promotion* are determined by the regional or head office, then the individual chain hotels may have freedom to manage and emphasize the further 3Ps of *P-People, P-Process and P-Physical* evidence. Most international hotel chains aim at service quality as the first focus step when recruiting staff. Hotels want to get the right people who have a positive, service-oriented attitude for a hotel career, and whom the hotels can develop through training. Training emphasizes and underlines the need for staff to provide great service and to follow standard processes to meet guests' expectations. Therefore, they usually arrange training during periods of low occupancy or the low season to reinforce their standards of service and to update the product knowledge of new and existing staff. Moreover, international hotel chains have clarity with regard to all their service standards. Customers should get the same products and services, via the same processes, wherever they stay in the world with a certain brand. In addition, international hotel chains have an essential focus on the physical evidence element. Their hotels' room facilities and amenities must meet customers' comfort requirements, with a care to attractive product packaging.

Another consideration is that international hotel chains place an emphasis on *green or environmental practices*. Some international hotel chains have been certificated as 'green' hotel suppliers. The expert interviewees said that overseas customers give thought to staying with hotels that have such green certificates. In addition, hotels receive revenue back from implementing green practices, such as decreasing electricity usage, separating their garbage before sending it to landfills, as well as recycling initiatives. These all mean that the extra money saved can be used in other areas, and even out into employee benefits. In fact, only one chain hotel in this study has not yet received its green certificate. However, the expert interviewee has plans to implement green practices in the future.

Therefore, international hotel chains are clear and generally conformist and homogeneous with their products and services. Most components are determined by the corporate regional or head office, and the hotels have to follow strictly. The 7Ps marketing mix is a guiding principle to manage their hotel businesses, in finding the right customers and placing themselves

in the appropriate market position. Finally, international chain hotels have often applied *Blue Ocean Strategy* to differentiate themselves from their competitors.

#### 5.2.2.2 Marketing strategies domestic hotel chains use to conduct their business

*The domestic hotel chains* category has three brands in this study. The expert interviewees said that their companies concentrate on *Price, Place, and Promotion*, respectively. The domestic chains have created many room promotions to persuade and convince customers to stay at their hotels. Moreover, the domestic chains participate in road shows and exhibitions throughout the country to market their products directly to customers and agents. In addition, domestic chains modify room rates in relation to the prevailing politico-economic conditions such as the events of economic or political crises, differing nationalities of guests, method of reservation, and other variables. Often with domestic chains hotels, each site/location has more authority to make decisions regarding business and marketing plans to increase revenue and market share. Thus, they are more likely to apply a price strategy to match with target market. The *Red Ocean Strategy* may well occur in the domestic category, depending on the tourist markets at any given time.

Tourism in 2014 was largely different from previous periods because many more hotels opened their doors in Patong, and the demographics of the tourist markets visiting Phuket also changed at that time. Chinese tourists became the highest volume nationality to visit Phuket and this trend continues. However, generally-speaking the current Chinese market does not accept the higher room rate products and hotels. Consequently, domestic hotel chains had an opportunity to secure this market sector's business more than international chains because the general managers and sales managers were empowered more to make strategic decisions. Nevertheless, domestic chain hotels are still subordinate to the further marketing mix 3Ps even though guaranteeing the quality of these three parts might not offer stable levels because people (employees) may not commit to their employer for a long and sustained period of time. Often, they plan to change to other hotels if they are offered a higher salary or better benefits. Therefore, domestic chains have to work hard at the training level and offer other activities to create staff loyalty with the company.

Domestic hotel chains often provide the most convenient processes to their customers. Domestic hotel chains must be more attentive to customer satisfaction so as to create

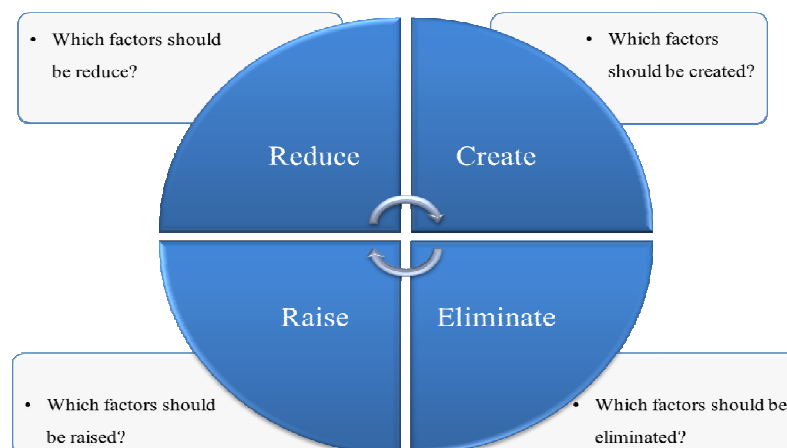
and keep a positive and robust reputation and image for new customers. Guest questionnaires regarding potential improvements should be sent via email after the guests have returned home, and these in turn should be collected and analyzed by the general managers and sales and marketing heads.

### 5.3 Recommendations for marketing strategies for hotel chains in Patong

Marketing strategies are still effective for hotel chains in Patong. The 7Ps marketing strategy is elementary for established hotels. Some newly-opened hotel chains do not give priority to *Product, Place, People, Process and Physical evidence*, but instead they focus on Price and Promotion. Newly-opened hotel chains focus on first year business survival, and so they stress promoting the hotel together with low prices. For pre-existing hotel chains and their sites, they concentrate on the four key elements of *product quality*, and support that with the three key elements for *service quality: People, Process and Physical evidence*.

The Blue Ocean Strategy (BOS) creates a new value curve for customers. The Blue Ocean Strategy has four principles (Reduce, Create, Raise, and Eliminate) to be used as tools to identify and define new offerings by thinking out-of-the-box in order to minimize risk and maximize opportunities. The four principles are laid out in figure 5.2

Figure 5.2 Four Principles of Blue Ocean Strategy



Specifically, the Blue Ocean Strategy applied to hotels will allow new value offerings for comfort and other things related to customers' needs. Guest complaints or

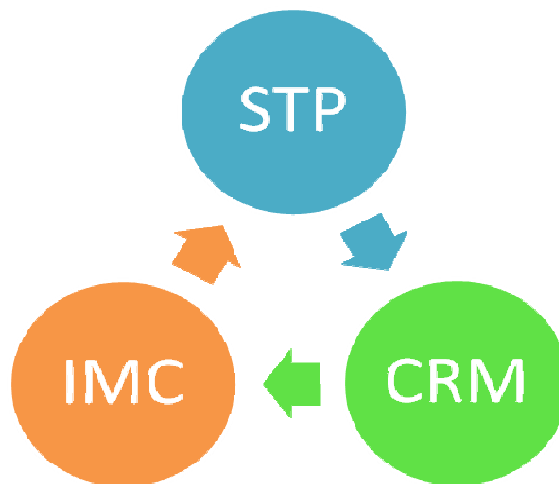
suggestions have been useful for the hotels to create new product and service lines. Hotels have learned from such complaints and suggestions (feedback) to develop new offerings, as follows:

1. 13 choice pillow menu
2. Check in and checkout at the same time
3. Breakfast served any time, once a day
4. Coffee served free all day
5. 12 color bed sheet menu
6. Theater room in hotel
7. Free WiFi in all areas
8. Lady floor

Moreover, the hotel chains should use 3 elements to survive the business

1. Segmentation, Targeting, Positioning (STP)
2. Customer Relationship Management (CRM)
3. Integrated Marketing Communication (IMC)

Figure 5.3 3 Elements to survive the business



#### 5.4 Limitations

Firstly, this is a study of the marketing strategies of 14 hotel chains from an overall total of 280 hotels in Patong. The results were limited to information gained from 20 expert interviewees and 2 expert of Phuket tourism (the President of the Thai Hotel Association,

Southern Region, and the Vice-President of the Phuket Tourist Association.). The research population consists of 14 hotel chains.

Secondly, the time period for collecting data was limited to three months (October to December, 2014). An obstacle in this regard was that some of the international experts took a vacation during this timeframe. Some returned in November at the start of the high season and were thus too busy with daily operations to have spare time to give interviews. If the researcher could have collected data during the low season, this study would have gathered more respondent information and more details to support the findings.

### **5.5 Suggestions for Future Research**

1. Future research should conduct more interviews with hotel personnel. This should include independent hotels with the same rating as hotel chains, in order to factor in their data and opinions to broaden the scope of the findings for hotel marketing strategies to guarantee business continuity in the highly competitive marketplace in Patong.

2. Future research should conduct interviews with the managers of travel agents that support the hotel chains, in order to factor in their data and opinions to broaden the scope of the findings for hotel marketing strategies to guarantee business continuity in the highly competitive marketplace in Patong.

3. Similar research could be conducted in other tourist resorts and locations.

4. Given the dynamic change of increased supply in Patong, this study aimed to explore how Patong has increased the number of hotels every year without an overall holistic plan to control or limit the number of new hotels opening. Potential future advantages and disadvantages to this situation for the hospitality and tourism industry in Patong and Phuket could be studied.

5. In addition, the demographics and nationalities of the tourist population in Phuket has changed. Nowadays, Chinese tourists have been increasing significantly and become the biggest market in Phuket while Australian market has been drop dramatically. Therefore, hotel necessary to manage a good control of pricing in order to achieve the best revenue.



6. Future researchers should conduct more interviews with hotel chain representatives in Phuket in order to get more information and different results.

### **5.6 Contributions of the study**

1. The result of this study can contribute to the literature related to the number of hotels in Patong and its impact on hotel marketing strategies and management's decisions to secure business continuity.

2. The result can be used for investors to consider the current factors impacting the hotel industry in Patong/Phuket before opening a new hotel.

3. The results explored how the 7Ps marketing strategy is a guiding principle for hotel chains to support their business operations and to still find additional ways to attract customers to match fluctuating market conditions. Thus, hotel chains and their satellites have to adapt themselves relative to the prevailing market climate.

## BIBLIOGRAPHY

- Alon, I., Ni, L., & Wang, Y. (2012). Examining the determinants of hotel chain expansion through international franchising. *International Journal of Hospitality Management*, 31(2), 379-386.
- Astuti, R., Silalahi, R. L. R., & Wijaya, G. D. P., (2015). Marketing Strategy Based on Marketing Mix Influence on Purchasing Decisions of Malang Apples Consumers at Giant Olympic Garden Mall (MOG), Malang City, East Java Province, Indonesia. *Agriculture and Agricultural Science Procedia*, 3, 67-71.
- ASTV Online manager, (2014), January 8, 2014, (Situation and Tourism direction of Southern in 1<sup>st</sup> quarter 2014), Retrieved January 8, 2014. from <http://www.manager.co.th/south/viewnews.aspx?NewsID=9570000002448>
- Becerra, M., Santaló, J., & Silva, R., (2013). Being better vs. being different: Differentiation, competition, and pricing strategies in the Spanish hotel industry. *Tourism Management*, 34, 71-79.
- Bourletidis, D. (2014). The strategic model of innovation clusters: implementation of blue ocean strategy in a typical Greek region. *Procedia-Social and Behavioral Sciences*, 148, 645-652.
- Business Case Studies, (2014). Marketing strategy Marketing strategies business studies and business English. Retrieved August 8, 2014. from <http://businesscasestudies.co.uk/business-theory/marketing.html>
- CAPA Center for Aviation (2014). Nok Air will continue its domestic focus as competition with Thailand intensifies. Retrieved May 14 2016. from <http://centreforaviation.com/analysis/nok-air-will-continue-its-domestic-focus-as-competition-within-thailand-intensifies-161486>
- Chin, J. B., & Tsai, C. H. (2013). Developing a service quality evaluation model for luxurious restaurants in international hotel chains. *Total Quality Management & Business Excellence*, 24(9-10), 1160-1173.

- Cizmar, S., & Weber, S. (2000). Marketing effectiveness of the hotel industry in Croatia. *International Journal of Hospitality Management*, 19(3), 227-240.
- Das, V., & De Groote, P. (2008). Globalisation in hotel chains. case study: profile of the Belgian business traveler.
- Department of Tourism National Stadium. (2012), Thailand's Travel & Tourism sector 2012 and Direction for the future. Retrieved January 8, 2014. from <http://www.tourismkm-asean.org/ทิศทางการท่องเที่ยวไทย.html>
- Dr. Kar, (2011), 4Ps of Marketing-The Marketing Mix strategies. Retrieved May 21, 2016 . from <http://business-fundas.com/2011/the-4-ps-of-marketing-the-marketing-mix-strategies/>
- Guo, X., Ling, L., Dong, Y., & Liang, L. (2013). Cooperation contract in tourism supply chains: The optimal pricing strategy of hotels for cooperative third party strategic websites. *Annals of Tourism Research*, 41, 20-41.
- Hashim, N., & Hamzah, M. I. (2014). 7P's: A Literature Review of Islamic Marketing and Contemporary Marketing Mix. *Procedia-Social and Behavioral Sciences*, 130, 155-159.
- Hiransomboon, K. (2012). Marketing mix affecting accommodation service buying decisions of backpacker tourist traveling at Inner Rattanakosin Island in Bangkok, Thailand. *Procedia Economics and Finance*, 3, 276-283.
- Ihotel Marketer (2012), Marketing strategy for hotel in Blue Ocean style. Retrieved May 15, 2014. from [http://www.ihotelmarketer.com/index.php?option=com\\_k2&view=item&id=221:blue-ocean-marketing-strategy-for-hotel](http://www.ihotelmarketer.com/index.php?option=com_k2&view=item&id=221:blue-ocean-marketing-strategy-for-hotel)
- Industry Research Airline Industry, TRIS Rating (2014), Airline Industry. Retrieved May 14, 2016. from [http://www.trisrating.com/en/pdf/6\\_Airline%20Industry%20December%202014.pdf](http://www.trisrating.com/en/pdf/6_Airline%20Industry%20December%202014.pdf)
- Ingram, P., & Baum, J. A. (1997). Chain affiliation and the failure of Manhattan hotels, 1898-1980. *Administrative Science Quarterly*, 42(1), 68-102.
- Intophuket.com (2014), Top 10 Phuket Beaches. Retrieved October 10, 2014. from <http://www.intophuket.com/top-ten-phuket-beaches>

- Ivanova, M., & Ivanov, S. (2015). Affiliation to hotel chains: Hotels' perspective. *Tourism Management Perspectives*, 16, 148-162.
- Jüttner, U., Christopher, M., & Baker, S. (2007). Demand chain management-integrating marketing and supply chain management. *Industrial marketing management*, 36(3), 377 - 392.
- Karatepe, O. M. (2013). High-performance work practices and hotel employee performance: The mediation of work engagement. *International Journal of Hospitality Management*, 32, 132 - 140.
- Kim, W. C., & Mauborgne, R. (2004). Blue ocean strategy. *If you read nothing else on strategy, read these best-selling articles*, 71.
- King, C., So, K. K. F., & Grace, D. (2013). The influence of service brand orientation on hotel employees' attitude and behaviors in China. *International Journal of Hospitality Management*, 34, 172-180.
- Knežević, M., Tomka, D., Bizjak, B., Fabjan, D., & Kukulj, S. (2015). The physical appearance of hotel guests: The impact on service providers' communication and quality of service. *International Journal of Hospitality Management*, 51, 8-14.
- Kothari, T., Hu, C., & Roehl, W. S. (2007). Adopting e-procurement technology in a chain hotel: an exploratory case study. *International Journal of Hospitality Management*, 26(4), 886-898.
- Lu, V. N., Capezio, A., Restubog, S. L. D., Garcia, P. R., & Wang, L. (2016). In pursuit of service excellence: Investigating the role of psychological contracts and organizational identification of frontline hotel employees. *Tourism Management*, 56, 8-19.
- Manuel Becerra, Juan Santaló, Rosario Silva (2013), Being better vs. being different: Differentiation, competition, and pricing strategies in the Spanish hotel industry, *Tourism Management, Volume 34, February 2013*, pp 71-79
- Martínez-Ros, E., & Orfila-Sintes, F. (2009). Innovation activity in the hotel industry. *Technovation*, 29(9), pp 632-641.
- Marzuki, A. (2012). Local residents' perceptions towards economic impacts of tourism development in Phuket. *Turizam: znanstveno-stručni časopis*, 60(2), 199-212.

- Mind Tools (2014). The Marketing Mix and 4Ps- Mind Tools., Retrieved September 11, 2014.  
from [http://www.mindtools.com/pages/article/newSTR\\_94.htm](http://www.mindtools.com/pages/article/newSTR_94.htm)
- National Statistic Office, (2014) จำนวนนักท่องเที่ยวต่างประเทศที่เดินทางเข้ามาในประเทศไทย พ.ศ 2545 – 2556, (National Statistic Office, the number of foreign tourist arrivals in the country, since 2002-2013). Retrieved July 20, 2014. from <http://service.nso.go.th/nso/web/statseries/statseries23.html>
- Nicolau, J. L., & Santa-María, M. J. (2013). The effect of innovation on hotel market value. *International Journal of Hospitality Management*, 32, pp 71-79.
- Phuket Magazine (2011), Is Phuket's Golden Goose Laying Too Many Eggs. Retrieved May 21, 2016. from <http://www.c9hotelworks.com/articles/phuket-magazine-q2-2011.pdf>
- Sucher, W., & Cheung, C. (2015). The relationship between hotel employees' cross-cultural competency and team performance in multi-national hotel companies. *International Journal of Hospitality Management*, 49, 93-104.
- TAT Intelligence Center (2013). สถิตินักท่องเที่ยวในประเทศไทย (รายจังหวัด)-ฐานข้อมูลการท่องเที่ยว 2556 (Statistic of tourism in Thailand (by province) – Data base of Tourism (2013). Retrieved July 10, 2014. from <http://tatic.tourismthailand.org/>
- Thrane, C. (2007). Examining the determinants of room rates for hotels in capital cities: The Oslo experience. *Journal of Revenue & Pricing Management*, 5(4), 315-323.
- Tourism Authority of Thailand (2009), Thailand once in a lifetime. Retrieved May 26, 2014. from <http://www.youtube.com/watch?v=EAJt5XVT2MU>
- Tourism Authority of Thailand, (2014), Amazing Thailand, Retrieved July 6, 2014. from <http://www.tourismthailand.org/What-news/detail/TAT-kicks-off-E2-80-9CThailand-Extreme-Makeover-E2-80-9D-campaign-to-promote-medical-tourism--1622>
- Xie, D., & Heung, V. (2012). The effects of brand relationship quality on responses to service failure of hotel consumers. *International Journal of Hospitality Management*, 31(3), 735-744.

## APPENDIX A

### Population of Hotel Chains in Patong, Phuket, Thailand

HOTEL	No of room	Opened year
1. Holiday Inn Resort Phuket Patong	277	1999
2. Deevana Plaza Hotel Patong	249	Oct 2014
3. Centra Ashlee Hotel Patong	110	2010
4. Ibis Patong	258	2011
5. B-Lay Tong Patong	123	2012
6. Novotel Vintage Patong	303	2012
7. Holiday Inn Express Phuket Patong Beach	280	2012
8. Tune Hotel Patong (Red Planet Hotel)	150	2012
9. Dusit D2 Patong	390	Feb 2014
10. Grand Mercure Patong	318	Apr 2014
13. Citrus Heights Hotel Patong	77	2012
12. Citin Plaza Patong Hotel & Spa	249	2012
11. Best Western Patong	224	Oct 2014
14. Millennium Hotel Patong	418	Aug, 2008

## APPENDIX B

### List of the hotel interviews

HOTEL	STAR (self-rated)	POSITION
1. Holiday Inn Resort Phuket	Four	General Manager Area Sales & Marketing
2. Deevana Plaza Hotel	Four	General Manager
3. Centra Ashlee Hotel Patong	Three	General Manager Director of Sales
4. Ibis Phuket Patong	Three	Operations Manager Senior Sale Manager
5. B-Lay Tong	Five	General Manager
6. Novotel Vintage	Four	Senior Sales & Marketing Executive
7. Holiday Inn Express Phuket Patong Beach	Three	Senior Sales & Marketing Executive
8. Tune Hotel Patong (Red Planet Hotel)	Three	Director of Sales
9. Dusit D2 Patong	Four	Sales Manager
10. Grand Mercure Patong	Five	General Manager Sales Manager
11. Best Western Patong	Four	General Manager Sales Manager
12. Citin Plaza Patong Hotel Phuket	Four	General Manager
13. Citrus Heights Patong Hotel Phuket	Four	General Manager
14. Millennium Resort Patong Phuket	Five	Sales Manager

## APPENDIX C



### INTERVIEW CHECKLIST

**Thesis Title: The emergence of marketing strategies under increased hotel competition:**

**A Case Study of Hotel Chains in Patong, Phuket, Thailand**

---

Dear Sir / Madam,

My name is Wilawan Chiammanasombut and I am the General Manager at Centra Ashlee Hotel Patong and an MBA student at the *Prince of Songkla University*, here in Phuket. My final thesis at the Prince of Songkla University deals with marketing strategies for newly-opened hotels and pre-existing hotels.

I would be much obliged if we could arrange a meeting to discuss the topic. (Here attached you will find a document with a number of questions that I would like to bring up with you.)

I look forward to hearing from you.

Best regards,

Wilawan Chiammanasombut

---

#### **Questions**

#### **4P's Marketing Mix**

##### **Section 1: Product Section**

Q1 How many room types are in your hotel?

Q1-1 What type of room is the most frequently occupied and why?

Q2 What are the distinguishing points of your guestrooms (to attract your customers)?

Q3 How do you differentiate your restaurants and establishment's services from your competitors (other hotels)?

Q4 Do you have green certificates? If yes, do you use them for marketing?



## Section 2: Place Section

Q1 How well is your hotel situated in this (Patong) area?

Q1-1 Is it easy to reach to your hotel compared to your competitors?

Yes       No

Q1-2 Does your location give you an advantage over your competitors?

Q2 Being present in your current location, how do you get the upper hand over your competitors?

Q3 How do your guests from other areas or foreign countries access your hotel?

Do you have airport transfer service?

Q4 What channels can your customers use to book your rooms? And which channel is the most popular?

## Section 3: Price Section

Q1 (For newly-opened hotels) How do you use price strategies to attract your new guests?

Q2 (For open pre-2012 hotels) Due to highly competitive situations, how do you use price strategies to attain and retain your guests?

Q3 Does your hotel continue a one price policy for the whole year?

Yes       No If no, could you please specify what factors influence fluctuations in the prices?

## Section 4: Promotion Section

Q1 What are the advantages of hotel promotions?

Q2 Which hotel promotions attract your customers' interests the best? And do you know if customers are satisfied with the promotions?

Yes       No

Q3 Which period of the year is the best for your promotions?

Q3-1 Why?

Q3-2 What are the by-products of the promotions? (after the promotion is over)





Q4 What are the three most important of the 7P's from your customers' point of view?

And why? (**Product, Place, Price, Promotion, People, Processes, Physical Evidence**)

1..... 2 ..... 3 .....

Q5 Do newly-opened hotels affect your market share?

Yes             No

If yes, could you please specify how?

Q6 Are occupancy rates this year different from last year's?

Yes             No

If yes, could you please specify the causes?

Q7 What are Patong's important selling points?

Q8 What makes customers stay in Patong's hotels?

## **APPENDIX D**

### **Further details of each hotel chain in Patong**

#### **Compass Capital International limited**

Compass Capital has operating subsidiaries and regional offices in Thailand and Malaysia.

Thailand hotels: Bangkok hotels, Pattaya hotels, Hua Hin hotels, Phuket hotels, & Koh Samui.

Malaysia hotels: Kuala Lumpur hotels, Johor Bahru hotels and Langkawi hotels

#### **U hotels & Resorts**

See a list of hotel locations as follows:

Thailand hotels: Bangkok, Chiang Mai, Hua Hin, Kanchanaburi, Khoa Yai, Phuket, & Pattaya

India hotels: Goa, Umargam, Varanasi, and Lonavala

Indonesia hotels: Bali

Laos hotels: Luang Prabang

Vietnam hotels: Hanoi, Sapa and Hoi An

#### **Best Western hotels**

See list of hotel location as follows:

Bangkok Hotels:

- BEST WESTERN Mayfair Suites
- BEST WESTERN PREMIER Amaranth Suvarnabhumi Airport
- BEST WESTERN Mayfair Suites
- BEST WESTERN PREMIER Amaranth Suvarnabhumi Airport
- BEST WESTERN PLUS At 20 Sukhumvit
- BEST WESTERN PREMIER Sukhumvit
- BEST WESTERN Klassique Sukhumvit
- BEST WESTERN PLUS Grand Howard

Buriram Hotels:

- BEST WESTERN Royal Buriram Hotel

Hua Hin, Prachuap Khirikhan Hotels:

- BEST WESTERN PLUS Serenity Hua Hin

Koh Phangan Hotels:

- BEST WESTERN Phanganburi Resort

Koh Samui Hotels:

- BEST WESTERN Samui Bayview Resort

Phuket Hotels:

- BEST WESTERN Phuket Ocean Resort
- BEST WESTERN PREMIER Bangtao Beach Resort & Spa

### **Millennium & Copthorne Hotels Plc**

See details of each brand as follows:

Millennium and Grand Millennium:

- Millennium Hotels and Grand Millennium Hotels are primarily four star deluxe and five star properties situated in premier locations in major international gateway cities or prominent business locations around the world.
- The Millennium and Grand Millennium hotels form the largest part of the Group's portfolio, with 44 hotels around the world and around 16,000 rooms. The hotels offer travelers comfortable, stylish and interesting surroundings, which are sympathetic to the regional character of their geographical location.

Copthorne and Grand Copthorne:

- Copthorne Hotels are midscale properties in major regional business centres or resort locations in the UK, Germany, New Zealand, Malaysia and Singapore.

Kingsgate:

- Kingsgate Hotels is New Zealand's largest leisure hotel group with properties in all major cities and across both islands.
- At December 31, 2011 the Group operated 14 Kingsgate Hotels, with over 1400 rooms. In May 2006 the first Kingsgate Hotel in the UAE was announced.

Other Brands:

- Additional brands within the Group include M Hotels, Biltmore and Studio M.
- Millennium had established two hotels in Thailand such as Grand Millennium Sukhumvit Bangkok and Millennium Resort Patong, Phuket.

### **Tune Hotels**

The core services of Tune Hotels have five elements as follows:

#### *5 star beds*

Tune beds use pillow, duvets and mattress beds same quality of 5 star hotels.

#### *Power Showers*

Each of rooms has private bathrooms with high-pressure, heated Power Showers.

#### *Central & convenient locations*

All Tune Hotels are located close to major shopping, sightseeing and business destinations. It is convenience for guests can find store operators and food & beverage outlets within easy reach.

#### *Clean environment*

To provide housekeeping services to ensure guestrooms have a clean and pleasant stay. Through their affordable pay-as-you-use system of add-ons for energy-consuming facilities and amenities.

#### *24-hour security*

Their hotels use electronic key card access into rooms, CCTV cameras, round-the-clock on duty reception staff and no access to the main lobby without a keycard past midnight (<http://www.tunehotels.com>).

List of Tune hotels in Thailand:

- Tune Hotel Asoke, Bangkok
- Tune Hotel Hat Yai, Songkhla
- Tune Hotel Pattaya, Chonburi
- Tune Hotel Patong, Phuket

### **Laguna Hotels**

List of Laguna hotels in Thailand:

- Laguna Phuket

- Banyan Tree Bangkok
- Banyan Tree Phuket
- Angsana Laguna Phuket
- Outrigger Laguna Phuket Resort and Villas
- Laguna Holiday Club Phuket Resort

### **Amari Hotels and Resorts**

List of Amari hotels and resorts in Thailand:

➤ Bangkok	➤ Pattaya
➤ Koh Chang	➤ Hua Hin
➤ Koh Samui	➤ Krabi
➤ Phuket	➤ Buriram

### **Woraburi Hotels & Resorts**

List of Amari hotels and resorts in Thailand:

- Woraburi Sukhumvit Hotel& Resort (Sukhumvit Soi 4)
- Salil Hotel Sukhumvit Soi 8
- Salil Hotel SukhumVit Soi Thonglor 1
- Woraburi Ayothaya Ceonvention Resort
- Woraburi Phuket Resort & Spa
- Woraburi Heritage
- Woraburi The Ritz



## APPENDIX E

### Further detail of each chain in Phuket

**Starwood Hotels & Resorts Worldwide, Inc.** is one of the heading hotel and leisure companies in the world. It owns and manages properties with the following internationally renowned brands. For instance: St. Regis, The Luxury Collections, W Hotel Worldwide, Westin Hotels & Resort, Sheraton Hotels & Resorts, Le Meridien, and Four points by Sheraton, Aloft Hotels, and Element by Westin

#### Starwood hotel logos



Source: <http://www.starwoodhotels.com/corporte/about/index.html>

**AccorHotels** was established in France and offers accommodations services tailored to different customers' needs. The main brands are: Sofitel, Pullman, MGallery (all 5 star rating), Novotel, Suitehotel, Adagio, Mercure (all 4 star rating), Ibis, All Seasons (all 3 star rating), Motel 6, Etap and Formule1 (both with the lowest star rating) - (<http://www.TravelChinoGuide.com>).





Source: Accor hotel logo (<http://www.accor.logo>)

**InterContinental Hotel Group (IHG).** In 2013, IHG had over 4,600 hotels in nearly 100 countries around the world. IHG has worked relentlessly to build its brand with talented people and a delivery system to ensure responsible business practices. IHG's goal and slogan is to create *Great Hotels Guests*; its brands are in 13 of the 20 largest hotel markets with more guest rooms than any other hotel company in the world (<http://www.ihgplc.com>).

Holiday Inn is a brand hotel managed under IHG. Nowadays, the IHG family Holiday Inn brand has four levels of product aligned with customers' needs. For instance, Holiday Inn, Holiday Inn Resort, Holiday Inn Express and Holiday Inn Club Vacations respectively (<http://www.ihg.com>).

### IHG hotel logo



Source: Tourism Authority of Thailand, Phuket office, 2014

**Compass Capital International Limited** was established in Hong Kong to lead the way in distinguished hospitality management and hospitality related financial consultative services in Asia Pacific. The first, covers professional management services for hospitality related asset such as hotels, resorts, executive serviced apartments, condominiums, spas and clubs. The second, business line covers financial advisory services for hospitality related real estate and asset-owning companies. To engage key Asian markets, Compass Capital has operating subsidiaries and regional offices in Thailand and Malaysia. See the list of hotels in appendix d.

#### **Compass Capital logo**

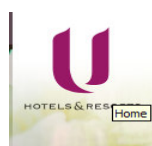


Source: <http://www.compasshospital.com>

**U hotels & Resorts** offer luxury accommodation; the brand's target is the experienced traveler with an esoteric mind - an elaborate, self-confident individual who wishes to enjoy and get involved.

U Hotels & Resorts have a modern design philosophy incorporating modern amenities, services, and facilities. U Hotels encourage guests to organize themselves and experience local culture and heritage at their own pace, creating a memorable and unique experience in some of the world's most luxurious hotels. See the list of hotels in appendix d.

#### **U Hotels & Resorts logo**



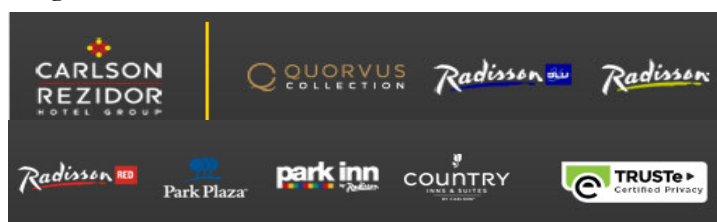
Source: <http://www.uhotelsresorts.com>

**Radisson Hotels:** the first Radisson hotel opened in 1909, named after the famous French explorer Pierre Radisson. In 1962, the Radisson was purchased by Curt Carlson, a

Minneapolis businessperson and entrepreneur who had very rapid reputational rise in the 1940s and 50s with his successful Gold Bond Stamp Company, which developed the concept of customer loyalty programs.

Throughout the brand's rich legacy, they have launched many firsts including the first American brand in the U.S.S.R, the first travel agency loyalty program and one of the first partnerships across the Atlantic, between Radisson and Rezidor. The Radisson brand is one of the oldest upscale brands in the USA (<http://www.radisson.com/>).

### Radisson logo



Source: <http://www.radisson.com/section/aboutus.story/aboutus.sidemenu>

**Marriott International** was founded by J. Willard Marriott who started out with a hotel and then evolved that into a hospitality company that manages and franchises hotels and related hotel facilities. In the 55 years since opening first hotel, Marriott has firmly established a culture and a tradition of innovation, service, and leading performance. Today, Marriott International claim to be the largest hotel company, with more than 3,700 properties in over 80 countries around the world. In June 2014, Marriott International opened their 4000<sup>th</sup> hotel.

As a publicly held company listed on the NYSE, Marriott International, Inc. (MAR) offers the advantages of a strong balance sheet, sound management and a record of industry leadership. The business model, brands, senior leaders, and a deeply-ingrained service culture that places a high value on their associates, have formed a solid foundation and a long, storied history of success (<http://www.marriott.com>).

### Marriott logo



Source: <http://www.lcmarchitects.com>

**Best Western International, Inc.** has more than 4,000 hotels in over 100 countries worldwide. Each hotel gives rewards for clients' loyalty. There are three types of hotels: **1) [Best Western](#) 2) [Best Western Plus](#) and 3) [Best Western Premier](#).** In Thailand, there are 12 hotel spread across the 5 provinces of Bangkok, Buriram, Prachuab Khirikhan, Surajthanee (Koh Phangan, Koh Samui ) and Phuket (<http://www.bestwestern.com>). See the list of hotels in appendix d.

### Best Western logo



Source: <http://www.bestwestern.com/>

**Millennium & Copthorne Hotels Plc** was established in 1996. Owner-operators give significance to different locations that are attractive to businesspeople and travelers alike. The model is designed for long-term financial returns for shareholders via interlinked hotel operations and asset management strategies, led by highly skilled management teams and a talented staff. The hotels under the Millennium Hotels and Resorts umbrella are Millennium

Hotels, Grand Millennium Hotels, Copthorne Hotels, Kingsgate Hotels and several others. Each of their properties is unique and may offer selective facilities & services locally. See properties listing in appendix d.

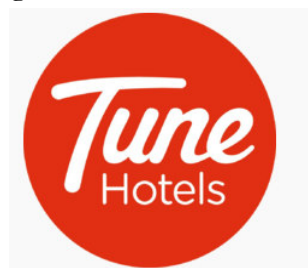
#### Millennium world collection



Source: <http://www.millenniumhotels.com>

**Tune Hotels** has a progressive concept with some differences to other brands and it is an alternative selection for tourists. The core proposition is to offer a **great night's sleep at a great price**. All of the Tune hotels feature space-efficient, streamlined rooms focusing on high-quality basics: five-star beds and powerful hot showers. Though minimally priced, the strategically located hotels provide housekeeping services, electronic keycard access into rooms, extensive CCTV systems, and no access into the main lobby without a keycard past midnight. A **'pay as you use'** system is in place for optional energy-consuming amenities. See more details in appendix d.

#### Tune logo



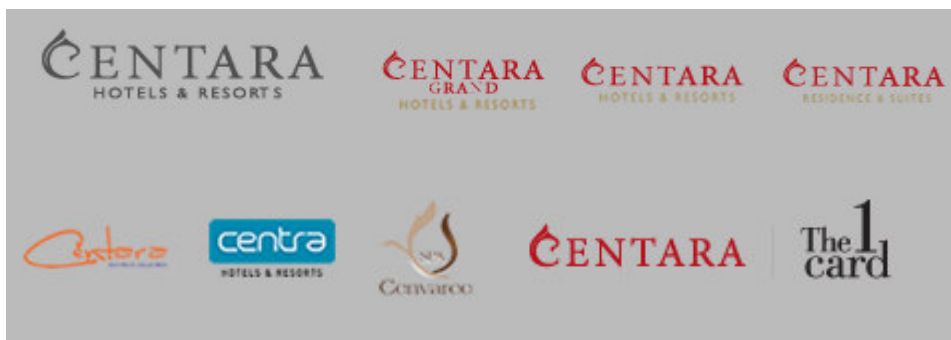
Source: <http://www.tunehotels.com>

Tune Hotel located along CM Recto Avenue in Cagayan de Oro City has been rebranded into **Red Planet Hotel**. That means no Tune hotel representation in Thailand and the Philippines but there is only one Tune hotel in Indonesia (<http://www.theedgeproperty.com.my/content/tune-group-hotels-cut-half-asset-sale-planned>).

**Centara Hotels & Resorts:** the owner is the Chirathiwat family. The first hotel was established in 1983, located in the expanding Ladprao district in northern Bangkok and the hotel company rebranded to Centara Hotels & Resorts on 26 June 2007, recognizing the need to establish a strong identity of its own.

The original hotel is now the Centara Grand at Central Plaza, Ladprao, Bangkok, and has been long established as one of the city's leading upscale hotels for both accommodation and the MICE industry. After the rebranding, the group has further expanded throughout Thailand and, starting from late in 2009, began strategic growth overseas. Today, Centara Hotels & Resorts is Thailand's leading hotel company with 46 properties and a further 21 overseas in and around the Indian Ocean that are either open or in the project stage, such as in the Maldives, Vietnam, Bali, Shanghai, Sri Lanka, Mauritius, Qatar, Ethiopia, and Oman.

#### Centara hotels and resorts logo



Source: <http://www.centarahotelsresorts.com>

**Laguna Resort and Hotel Public Company** was founded in 1983. They have a large parcel of land on the site of an abandoned tin-mine at Bangtao Bay, Phuket, Thailand that was later developed to become the Laguna Phuket integrated resort complex. The major businesses of the company and its subsidiaries are based in the hotel industry and property development. The subsidiaries also engage in operating a golf club, sales of merchandise, office and resort rental, and the sales of holiday club memberships. See more details in appendix d.

**Laguna logo**

Source: <http://www.lagunaresorts.com>

**Baan Krating Resorts** were initiated by two founders: Mr. Adisorn Charanachitta and Mr. Vijit Chinalai. They are creating a unique network of small boutique resorts in Thailand and support the center of Thai hotel architecture. They have planned to expand resorts from Phuket to Chiang Mai. They have locations in Phuket, Khaolak and Pai.

**Baan Krating logo**

Source: <http://www.baankrating.com>

**Amari Hotels and Resorts** have been under the ONYX hospitality brand for over 45 years. The ONYX Hospitality Group is one of leading hospitality management companies in Asia-Pacific. ONYX offers a wide portfolio of hospitality brands such as the **Saffron** portfolio for luxury hotels, the **Amari** brand for hotels and resorts, the **Shama** brand for serviced apartments, **The Mosaic Collection** for hotels and resorts, and the **OZO** brand for all-new select services. In addition, ONYX has such a solid reputation that they have been entrusted with the asset management of properties, as well as operating properties for owners who wish to retain the highest standard. See the list of hotels in Thailand in appendix d.



### Onyx Partnership Logos



(Source: <http://www.amari.com>)

**Woraburi Hotels and Resort** was created under name Sawasdee & Woraburi Hotels and Resorts and has over 17 hotels in Thailand. The company has a unique range of leisure and tourism products such as, accommodation, restaurants, meeting rooms and complimentary activities. You will find the services of Sawasdee & Woraburi with five main locations in Thailand: Banglumpu, Sukhumvit, Pattaya, Ayudhaya and Phuket. See a list of hotels in appendix d.

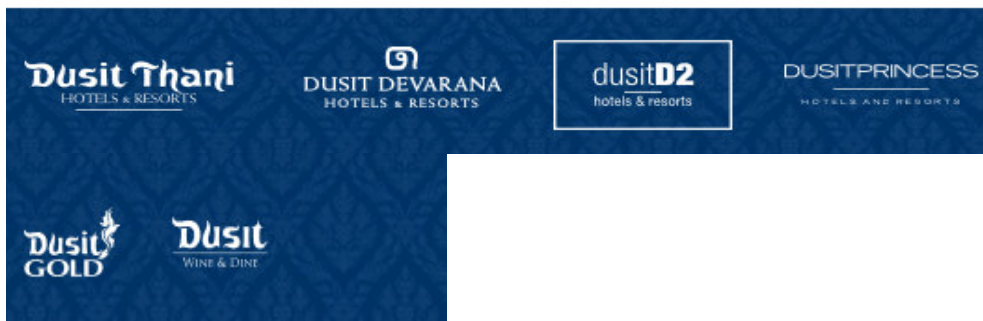
### Woraburi Logo



(Source: <http://www.woraburi.com>)

**Dusit Thanee** - for over 65 years, Dusit International has been synonymous with world-class hospitality, delivered with the iconic touches of the service and artistry of Thailand. Today, each Dusit brand endeavors to create a personalized welcome under the brand promise that started it all: travelers will receive an experience that refreshes the individual spirit.

### Dusit logo



(Source: <http://www.dusit.com>)

**Deevana Group** - is a hospitality services body of companies that started with the creation the Patong Bayshore Co., Ltd. that manages the Patong Bayshore Hotel. Currently, there five open hotels in the group, with two more due to open their doors for business soon.

### Deevana

logo



Source: <http://www.deevanagroup.com/home.html>

**APPENDIX F****Certificate****Certificate of Appreciation**

awarded to

**Ms. Wilawan Chiammanasombut**

as

**Presenter****TOURISM, HOSPITALITY AND CULINARY ARTS**

June 17 - 19 , 2015

Suan Dusit University, Bangkok, Thailand

Asst. Prof. Dr. Pitauk Chanchaen  
President  
Suan Dusit University

Asst. Prof. Dr. Niramit Kunanuwat  
Conference Chair  
THC2015

---

## VITAE

**Name** Miss Wilawan Chiammanasombut

**Student** 5630120017

### **Educational Attainment**

Degree	Name of Institution	Year of Graduation
Bachelor of Mathematics (Faculty of Science)	Srinakarinwiroj (Songkhla)	1993

### **Work – Position and Address**

Centara Kata Resort – Hotel Manager

54 Ked-Kwan Road, Tambon Karon, Amphur Muang, Phuket 83100

Tel 66 (0) 76 370 300-5

Email hmckt@chr.co.th

Email wchiammanasombut@yahoo.com

### **List of Publication and Proceeding**

Wilawan Chiammanasombut. (2015). The emergence of marketing strategies under increased hotel competition: A case study of hotel chains in Patong, Phuket, Thailand. *National and International Conference 2015, June 17 – 19, 2015. Suan Dusit University, Bangkok Thailand.*