

Marketing practices of hotels and resorts in ChiangMai: a study of products, pricing, and promotional practices

Chonlada Sangkaworn
Ramkhamhaeng University

Bahaudin G. Mujtaba
Nova Southeastern University

Abstract

The objective of this research is to explore marketing practices in the hospitality industry in terms of product offering, pricing, and promotion along with the relationship of customers' satisfaction with such practices. The study was limited to the hotels and resorts that provide sleeping accommodations and meal options in ChiangMai. The respondents are 189 clients who checked-in during the research time period and 19 owners/managers of these businesses. The findings show that the hotels and resorts are mostly sole proprietorship, and most managers are college graduates and female. They offer discounts, assist and greet customers, work in a friendly manner, and provide clean rooms. Also, no significant relationship was found between the level of marketing practices and the business-related factors. Likewise, there was no significant relationship between the level of customer's satisfaction and the marketing practices. Implications and recommendations are provided for managers.

Key words: Marketing, products, prices, promotion, ChiangMai, tourism.

Introduction

Traveling is a normal part of life for most individuals. Thousands of years ago there were the pre-historic nomadic tribes who traveled for better weather, safety and to seek food. Today, traveling is a part of everyday life for most working professionals. In keeping with the increase in tourists' desire to travel for pleasure or for business, hotels and resorts are there ready to provide sleeping accommodations, food, beverage, and recreational facilities.

In Thailand, travel and tourism as an industry has performed a key role in the economy because of its capacity to generate more revenues for the local municipalities and the country. ChiangMai is considered one of most beautiful places in Thailand due to its strategic location and the interesting adventurous sceneries that are preserved and protected by the government to attract repeat tourists. The tourism industry provides career opportunities for people of every generation, experience and education. Hotels and resorts play an important role in the attainment and acceleration of the social and economic growth of the country. In the province of ChiangMai the potential growth and development towards industrialization and its programs to promote local and foreign tourism led to the growth of the hotels and resorts that are now serving the province. Aside from being one of the main educational centers in the country, ChiangMai province is fast becoming a tourist spot because of the beauty of the natural resources and the rich/cultural heritage such as the presence of ancestral buildings.

Literature Review: Products, Prices and Promotions

Any hotel or resort business can be formed as a sole proprietorship, partnership or even a corporation, depending on the nature and type of the business. Regardless of the type of business ownership, they all aim to create raving fans through customer intimacy since they want all their guests to become repeat customers (Mujtaba and Johnson, 2004). Etzel (2004) states that the business market consists of all individuals and organizations that buy goods and services. So, any goods or services purchased for a reason other than personal or household consumption is part of the business market. The activity of marketing goods and services to business users, rather than to ultimate consumers, is business marketing and a firm performing the activity is a business marketer. Every retail store and wholesaling establishment is a business user, as is the case with every resort, hotel, and restaurant. Business market demand generally is derived, inelastic, and widely fluctuating. Business buyers usually are well informed about what they are buying. Business market demand is analyzed by evaluating the number and kinds of business users and their buying power. Kotler (2009) argues that selling products and services to a company is fundamentally different than selling to individuals. Others disagree, claiming that marketing theory is still valid and only involves some adaptation in the marketing tactics. In order for firms to be competitive and remain in business, their products, prices and promotional activities must be satisfactory and offer as good a value as most rivals and industry leaders (Mujtaba and McFarlane, 2007).

Product. A product is any tangible or intangible good or service offered to customers. To satisfy customers, businesses should render quality products and services. Nankervis (1992) mentions that productivity of hotels in Southeast Asia assumes crucial importance when compared with competitors; for example, in terms of intangible services, even the check-in and check-out speeds and luggage delivery times should be monitored, measured, and compared with competitors by business managers. Lovelock and Foster (1991) describe service as intangible and experiential. According to Kotler (1996), service is an act or performance that one can offer to another that is essential, intangible and does not result in the ownership of anything. He further

stated that service can be categorized into four groups: (a) pure tangible goods (b) tangible goods with accompanying sources, (c) major service, accompanying minor goods or service, and (d) a pure service which could also be classified into people and equipment based. Peter and Donnelly (1991) stated that service quality is paramount for all service providers. In recent years, more than forty percent of all customers surveyed listed poor service as the number one reason for switching to the competition while only eight percent listed price as a reason for switching (Peter and Donnelly, 1991). It is easier and five times cheaper to keep an existing customer than to recruit a new one. One special marketing challenge facing most service businesses is to find ways of keeping their current customers and to make their offerings more tangible to potential customers. According to Walker, Boyd and Larreche (1996), some methods for keeping customers can include:

1. Designing recreational facilities and training personnel to serve as symbol of service quality.
2. Creating a tangible representation of the service.
3. Tying the marketing of services to the marketing of goods.

A service is an experience, perishable and cannot be inventoried for future use. Whether the company adopts a standardized or localized international marketing strategy the services and products offered must be at their highest quality. So service and product quality are paramount for all service providers and organizations that want to survive. According to McCarthy and Perreault (1990), quality means the ability of a product to satisfy customers' needs. Hotels and resorts must focus on providing quality services and products to their customers in order to keep them satisfied and perhaps make them repeat clients. Foster (1992) pointed out that the dining experience and image of a restaurant may be enhanced through a friendly welcome and devotion to the slightest of customers' needs. Regardless of restaurant type, promptness and courtesy should be offered to customers. Quality in many respects is derived from the successful management of the other key products and services (Jones and Pizam 1993) and the two broad strategies for success in the hospitality industry can be quality control and quality assurance.

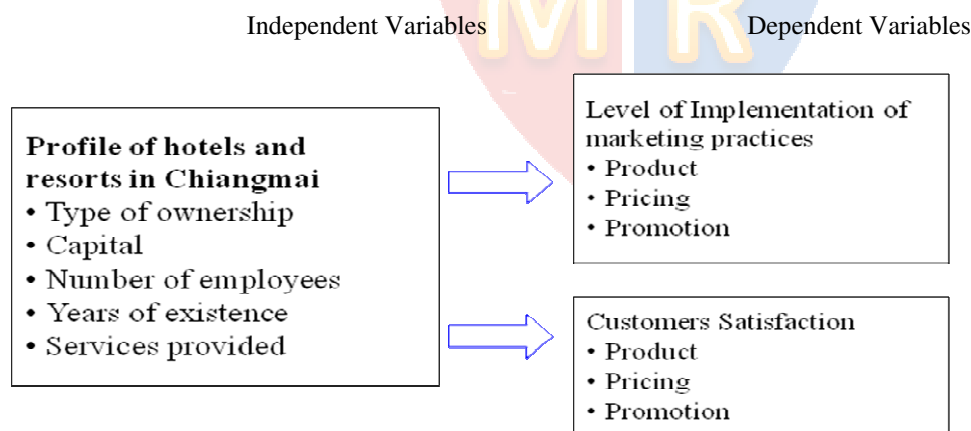
Price. Price is the amount that can be charged for a company's products or services. In the setting of prices, managers/owners should see to it that prices are reasonably affordable, fair, and competitive. According to McCarty and Perreault (1990), price is what is charged for a firm's products or services since a business transaction can be an exchange of money, which represents the price. Walker, Boyd and Larreche (1996) state that companies find it difficult to adopt standardized pricing strategy across countries because of reasons such as different transportation cost, exchange rate, competition, market demand, objectives, government policies and regulation, taxes and other factors. Pricing is an art and its main goals are to optimize profit, reduce losses, and maintain market share for the organization and the industry. According to Pagoso and De la Cruz (2000), price is a very important factor in the operational market because this is the only element among the four P's of marketing mix that generates income. Lao (2001) states that pricing is a science, but it is not necessarily an exact science since it requires some skill and research. Through an exhaustive accumulation of decision-making information combined with the company operation, managers can create a good pricing policy. According to O'Hara (1995), pricing plays a major role in any business establishment. He suggested that the determination of prices involves three primary considerations such as cost, competition and customers. The right price is one which the customers will be willing to pay and at the same time it allows a reasonable margin of profit. As mentioned by Salazar and Sanvictores (1990), there are various ways to figure the right price. Some entrepreneurs use the cost-plus method wherein the costs of

making an item are calculated and an extra amount is added for profit. Others figure the prevailing market prices and then use them as guide to their own prices, either a little above or a little below the prevailing market price.

Prices of products can be changed from time to time due to fluctuation or an economic recession. Prices influence the market share, competition, profit, product quality and the entire marketing program. An example of pricing can include what a resort or hotel charges for a room per night. There are two major components of room rates as mentioned by Vallen (1985): first, room rates must be large enough to cover costs and a fair return on invested capital; and secondly, it must be reasonable enough to attract and retain the clientele to whom the operation is being marketed.

Promotion. Promotion is a way of informing people about the services and products of an organization. It is an important tool in business to persuade more and more prospective customers in order to be successful in the industry. Promotion is a technique that is designed and utilized by companies as a way of enhancing their brand perception as well as to encourage customers to use their products and services. As mentioned by Strong (1977), promotion can be improved through: (1) analysis of spending and establishing objectives, (2) better selection of appropriate promotional techniques, (3) pre-testing, (4) evaluation, (5) focusing on the long-term, and (6) the development of more detailed information on the effect of promotion. Peter and Donnelly (1991) mentioned that a seller's product can be promoted through advertising in printed and electronic media. A message can be designed to inform, persuade and remind people about the firm's offerings. Peter and Donnelly mention that there are three basic factors to be considered in devising a promotion mix: (1) the role of promotion in the over-all marketing mix, (2) the nature of the product, and (3) the nature of the market.

Figure 1 – Research Model and Variables



According to Burnette (1984), sales promotion is the final step of advertising which creates awareness in the minds of customers about a company's products and services. According to Stanley (1982), there are four general goals of sales promotion which are: (1) supporting the sales force and its merchandising effects, (2) gaining the acceptance and active support of middlepersons in sales promotion, (3) supporting the sales force and its merchandising marketing of the product, and (4) increasing the sales force of the product to consumers. According to Wolf and Aurner (1974), one successful way to stimulate and guide buying behavior is through the use of AIDA model. The AIDA model consists of four promotional tasks: (1) gain and capture Attention, (2) hold Interest (3) arouse Desire, and (4) elicit Action. The four basic functions of advertising as mentioned by Lao (2001) includes: (1) to create awareness of the product by the

consumers, (2) to inform others about the benefits obtained from the product, (3) to influence consumers, and (4) to maintain product visibility. Halim (1989) found that television is the most effective medium in promoting soft drinks as it provides a sense of reality with the audience because of the sight and motion.

Customers are influenced with the promotion, price and product of an organization. The fourth of P of marketing (place) is also a very important factor and that is why ChiangMai is being promoted as an international location for travel and tourism. Since the location of these resorts and hotels is in one city, only the other three P's were discussed. This study focuses on the management of hotels and resorts, the organizational characteristics, and the level of implementation of marketing practices as shown in Figure 1.

As presented in the research model, it is hypothesized that the level of implementation of marketing practices in ChiangMai along with product offering, pricing and promotion is dependent on the type of ownership, capital, number of employees, years of existence, and services offered. Likewise, the degree of satisfaction of the customers is also dependent on how these hotels and resorts implement their marketing practices.

Tourism Development in ChiangMai

To develop the city as an international destination, the ChiangMai Tourism Council was organized to advocate the importance of tourism for private sector development. They enhance tourism facilities by establishing parks such as the Doi Suthep-Doi Pui National Park, which consists of forests and mountain ranges. Major mountains include Doi Suthep, Doi Buak Ha, and Doi Pui. This is the main source of tributaries and streams in ChiangMai. Sacred places, religious attractions and historical sites are located in the park complex. Doi Inthanon is a National Park, standing at over 2,500 meters, is Thailand's highest mountain and one of the coolest peaks for all visitors. Besides the actual mountain itself, there are a variety of other attractive locations such as Mae Ya, Wachirathan and Siriphum waterfalls, and Bori Chinda Cave.

For years, tourists have mistaken ChiangMai as the northern junction and the base from which they can explore other provinces. The phrase "a day in ChiangMai is enough to see things around" was common. Today, tourists are surprised by the fact that there is always something new to discover in ChiangMai. Intriguing diversity among ethnic tribes coupled with breathtaking scenery makes ChiangMai one of Asia's most attractive tourist destinations.

The conservation program of ChiangMai demonstrates that cultural conservation can be pursued with economic development of the heritage site. ChiangMai continues to provide livelihood and employment to the residents. It also ensures that the values and traditions that made them flourish for centuries will be passed on to future generations. Traditional and tourism related industries continue to fuel the economy of ChiangMai that has grown tremendously in terms of income. The business boom of the hotels/resorts industry often begins at the early part of November and in June. ChiangMai is experiencing a tremendous growth of business establishments like hotels and recreational activities. Ancestral homes have been transformed into cozy hotels to accommodate the requirements of the discriminating visitors. Resorts are also established to serve as alternative accommodations as well as for recreation of vacationers. As a business enterprise and providing a wide variety of products and services, the hotel and resort industry has gained stability in the society.

Managers of hotels and resorts often attempt to have high customer satisfaction by learning as much as they can about their customers. The more managers know about their customers, the better they can satisfy their needs. Many managers believe that improving and developing the marketing mix of their organization through the 4P's of marketing (product, price,

place and promotion) can have a great impact on the success of their business. To be competitive and to face modern challenges, one needs to scrutinize accurately the content of current marketing strategies particularly of marketing mix which is composed of quality products, the proper setting of prices, and the designing of an effective promotional activity that might get the attention of all types of customers. Business organizations rely on the marketing strategies of the company for their success.

It is important for researchers to study and evaluate the existing marketing functions and marketing practices of hotels and resorts in major cities. The findings could be of great help to the owners/managers in designing and formulating an effective and efficient marketing strategy for the improvement of their organizations. It will serve as the basis for the owners/managers of hotels and resorts in attaining their organizational goals and objectives by using effective marketing strategies. This study considered the following two hypotheses:

1. *Hypothesis 1* - There is no significant relationship between the marketing practices of hotels and resorts of ChiangMai and the business related factors.
2. *Hypothesis 2* - There is no significant relationship between the level of satisfaction of the customers and the marketing practices of the hotels and resorts of ChiangMai.

Research Methodology

The study focused on the analysis of marketing practices applied and adopted by the hotel and resort business in the province of ChiangMai as perceived by managers and customers. These practices are limited to product offering, pricing and promotion. Nineteen hotels and resorts constituted the study group of 19 owners/managers as respondents and 189 clients to evaluate the level of implementation of marketing practices of the businesses. Only the customers who checked-in in the hotels and resorts during the data gathering period comprised the customer respondents. Furthermore, only the hotels and resorts that provide both sleeping accommodation and food and beverages are considered in the study.

A customer evaluation questionnaire was utilized to elicit information from the clients as to how marketing functions are practiced by the hotels' and resorts' owners/managers. Items in the questionnaire were derived from different marketing functions expressed in general aspects that could be interpreted by the customers. The data analysis was limited to the use of the following statistical tools: frequencies and percentages mean and the Simple Linear Correlation Analysis. Table 1 presents the number and percentage of respondents along with the hotels and resorts for this study.

Table 2 shows the profile of owner/manager respondents in terms of educational attainment and gender. To gather the necessary information in the study, permission was requested from managers/owners in hotels and resorts. The questionnaire checklist was used as the main instrument for data gathering. It consists of items in marketing practices pertaining to the product offering, pricing and promotion. Questionnaires were personally distributed and retrieved by the researchers from the respondents.

Table 1 - Distribution of Respondents of the Study

| HOTELS/RESORTS | Owner/Manager | Customers* | Total | % |
|-------------------------------|----------------------|-------------------|--------------|----------|
| Horizon Resort & Spa | 1 | 15 | 16 | 7.69 |
| Vila Villa Resort in the town | 1 | 8 | 9 | 4.33 |
| Tao Garden Resort & Spa | 1 | 5 | 6 | 2.88 |
| Ayatana Hotel | 1 | 12 | 13 | 6.25 |
| Puripunn Boutique Hotel | 1 | 15 | 16 | 7.69 |
| Yantarasiri Resort & Spa | 1 | 10 | 11 | 5.29 |
| Suandoi House | 1 | 8 | 9 | 4.33 |
| Yanngkam Resort | 1 | 12 | 13 | 6.25 |
| The Log Homes | 1 | 8 | 9 | 4.33 |
| Night Bazaar Place | 1 | 14 | 15 | 7.21 |
| Yesterday the village | 1 | 10 | 11 | 5.29 |
| Orawee Home | 1 | 10 | 11 | 5.29 |
| Thajene Chomchan Hotel | 1 | 10 | 11 | 5.29 |
| Baanklangdoi Hotel & Resort | 1 | 12 | 13 | 6.25 |
| Grand Napat | 1 | 10 | 11 | 5.29 |
| Vimandara Resort | 1 | 8 | 9 | 4.33 |
| Empress Hotel | 1 | 10 | 11 | 5.29 |
| Tri Yaan Na Ros House | 1 | 5 | 6 | 2.88 |
| Siritida Resort&Spa | 1 | 7 | 8 | 3.85 |
| TOTAL | 19 | 189 | 208 | |
| Frequency (%) | 9.13 | 90.87 | | 100% |

* Customers who checked-in to the hotels and resorts during the two-week data gathering period.

Table 2 - Profile of Owner/Manager Respondents

| Educational Attainment | # | % |
|------------------------|----|-------|
| High school Graduate | 1 | 5.26 |
| College Graduate | 16 | 84.21 |
| Master's Degree | 2 | 10.53 |
| Male | 9 | 47.37 |
| Female | 10 | 52.63 |
| TOTAL | 19 | 100% |

The Simple Linear Correlation Analysis was used to determine the relationship between the level of implementation of marketing practices of the hotel and resort business in ChiangMai, and the level of implementation of the marketing practices and customer's satisfaction on product offering, pricing and promotion.

Table 3 - Profile of Hotels and Resort

| VARIABLES | # | % |
|----------------------------|----|-------|
| <i>Type of Ownership</i> | | |
| Sole proprietorship | 11 | 57.89 |
| Partnership | - | - |
| Corporation | 8 | 42.11 |
| <i>Number of employees</i> | | |
| 10 and above | 8 | 42.11 |
| 7 – 9 | 5 | 26.31 |
| 4 – 6 | 6 | 31.58 |
| <i>Years of Existence</i> | | |
| 2 to less than 5 years | 2 | 10.53 |
| 5 to less than 8 years | 8 | 42.11 |
| 8 to less than 11 years | 3 | 15.79 |
| 11 to less than 14 years | 3 | 15.79 |
| More than 14 years | 3 | 15.79 |

As revealed from Table 3, out of nineteen hotels and resorts in ChiangMai, 11 (57.89%) are sole proprietorship, 8 (42.11%) are corporation and none are under partnership or any other form of ownership. Managers of the hotels and resorts prefer to be sole proprietor because this type of organizational set-up is the easiest to manage. A sole proprietorship requires small organizational expense and no formal requirements for publicity. Because of its small capitalization it is involved in a minimum legal restriction. The disadvantage is that, the owner has unlimited liability.

Most of the hotels and resorts (8 or 42.11%) had 10 or more employees. There are 6 (31.58%) that have 4 to 6 employees, and 5 (26.31%) with 7 to 9 employees. The findings imply that the number of employees was largely dependent on the organizational set-up of the hotels and resorts and the services offered. Educational qualification or the scholastic record is an important factor in the selection and hiring of employees. Only those who are very loyal stay longer in the establishment where they work. Likewise, before an employee can be employed she or he must undergo training in order to know the mechanism of the hotel and resort operations. In terms of years of existence, 8 (42.11%) existed for 5 to 8 years, 3 (15.79%) existed for 11 to 14 years, and another 3 (15.79%) for more than 14 years. Two (2 or 11.53%) existed for less than 2 years. This shows that most hotels/inns and resorts have already established their names in the market, gained stability in the society, and indeed are part of a growing business industry in the locality.

Table 4 - Distribution of Hotels/Resorts in terms of Services

| <i>Product Offered</i> | # | % |
|------------------------------------------|----|-------|
| Sleeping accommodation | 19 | 100% |
| Food and beverages | 19 | 100% |
| Maid service | 3 | 15.79 |
| Radio and television | 9 | 47.37 |
| Recreational facilities | 7 | 36.84 |
| Cottages | 10 | 52.63 |
| Reception (Wedding etc.) | 9 | 47.37 |
| Firing Range | 1 | 5.26 |
| <i>Number of rooms available for use</i> | | |
| 5 to 10 rooms | 7 | 36.84 |
| 11 to 15 rooms | 4 | 21.05 |
| More than 16 rooms | 8 | 42.11 |
| <i>Size of Rooms</i> | | |
| Single | 10 | 52.63 |
| Double | 16 | 84.21 |
| Family | 16 | 78.95 |
| Dormitory type | 1 | 5.26 |
| <i>Type of Service</i> | | |
| Self-service | 2 | 10.53 |
| Bell-boy assistance | 7 | 36.84 |
| Both self-service & bell-boy assistance | 11 | 57.89 |

Table 4 shows the distribution of hotels and resorts in terms of services offered. It can be gleaned from the data that all hotels and resorts offered sleeping accommodation (19 or 100%), provided food and beverages (19 or 100%), offered cottages 10 (52.63%), offered radio and television 9 (47.37%), another 9 (47.37%) offered reception, and 7 (36.84%) offered recreational facilities while one (5.26%) offered a firing range. The findings imply that all the hotels and resorts offered both sleeping accommodation and food and beverages. Providing food and beverages to customers would eventually increase not only the total sales of the business but it could also bring a higher yield. It can be seen from the data that most of the hotels and resorts have more than 16 rooms (8 or 42.11%), 7 (36.84%) that have 5 to 10 rooms, and 4 (21.05%) that have 11 to 15 rooms. So, in order to meet the demand of the visitors these businesses would need to improve and expand their operation and some also need to increase the number of rooms for future reservations. However, according to some owners/managers only those who have a large amount of capitalization have the capability to expand the operation of their business.

It can be gleaned from Table 4 that most of the hotels and resorts have double size rooms (16 or 84.21%), 15 (78.95%) have a family size, 10 (52.63%) have single size rooms, and only one (1 or 5.26%) that has a dormitory type room. Most of the hotels and resorts prefer to have a double size rooms because it is more flexible and it allows ample space for individuals to utilize the rooms. Likewise this type of room is more preferred for use by the clientele. The results reveal that both self-service and bell-boy assistance (11 or 57.89%) are the most popular ways of

servicing customers among hotels and resorts, and 7 (36.84%) used bell-boy assistance for servicing customers.

Table 5 - Marketing Practices of Hotels/Resorts in Product Offering

| Product Offering | Mean | DR |
|-------------------------------------------------------------------------|-------------|------------------|
| Sanitation and cleanliness of the Hotels/Resorts and their surroundings | 4.79 | Always |
| Prompt courteous service | 4.61 | Always |
| Availability of parking space | 4.73 | Always |
| Food and beverages | 4.21 | Always |
| Good and proper ventilation | 4.63 | Always |
| Recreational Facilities | 3.15 | Sometimes |
| Customer information service | 4.47 | Always |
| Attractiveness of arrangement of rooms/cottages | 4.27 | Always |
| Proper arrangement of dining Facilities | 3.84 | Oftentimes |
| OVERALL | 4.30 | Very High |

| Norms | Marketing Practices | | On Customers' Satisfaction |
|-------------|---------------------|-----------|----------------------------|
| 4.21 – 5.00 | Always | Very High | Very Much Satisfied |
| 3.41 – 4.20 | Oftentimes | High | Much Satisfied |
| 2.61 – 3.40 | Sometimes | Fair | Satisfied |
| 1.81 – 2.60 | Rarely | Low | Moderately Satisfied |
| 1.00 – 1.80 | Never | Very Low | Not Satisfied |

The level of implementation of marketing practices of hotels and resorts of ChiangMai in terms of product offering is presented in Table 5. The results show that hotels and resorts in ChiangMai have a “Very High” (X=4.30) level of marketing practices in their product offerings. They consider the sanitation and cleanliness of the hotels and resorts and their surroundings (X=4.79), coupled with prompt and courteous service (X=4.61), availability of parking space (X=4.73), food and beverages (X=4.21), good and proper ventilation (X=4.63), customer information service (X=4.27), and attractiveness of arrangement of rooms/cottages (X=4.27). Oftentimes they consider the proper arrangement of dining facilities (X=3.84). These are the main factors to be considered in the operation of the business in order to attract and retain loyal customers. Sometimes they have recreational facilities (X=3.15). According to the owners/managers sanitation and cleanliness of the hotel and resort must always be monitored to ensure and protect the health and safety not only for their customers but also for the benefit of their employees as well.

Table 6 displays the level of implementation of marketing practices of hotels and resorts in terms of pricing. It can be gleaned from the results that there is a “High” (X=3.41) level of marketing practices of the hotels and resorts in terms of pricing. “Oftentimes” they use cost/expense (X=3.82) and discount (X=3.88) as their basis in pricing their products. Sometimes they use demand (X=3.88) as their basis in pricing their products. Sometimes they use demand (X=3.00) and the price of the competitors (X=2.62) as their basis. They rarely use psychological factors (X=2.47) as a basis in pricing. According to some owners/managers they oftentimes use cost and discount in pricing in order to cover all the necessary expenses needed in the operation of the business and to retain customer loyalty.

Table 6 - Marketing Practices of Hotels/Resorts in Pricing

| PRICING | Mean (X) | DR |
|----------------------------------------------------------------------------------------|----------|------------|
| <i>The management uses the following means of pricing</i> | | |
| a. Based on cost/expense of product | 3.82 | Oftentimes |
| b. Based on demand | 3.00 | Sometimes |
| c. Psychological (e.g. P 991.95,P399) | 2.47 | Rarely |
| d. Discount | 3.88 | Oftentimes |
| e. Based on the price of competitors | 2.62 | Sometimes |
| <i>Internal factors affecting pricing decision</i> | | |
| a. Profit | 4.06 | Oftentimes |
| b. Available offer | 3.88 | Oftentimes |
| c. Cost | 3.44 | Oftentimes |
| d. Business structure | 3.94 | Oftentimes |
| <i>External factors affecting pricing decision</i> | | |
| a. The market and demand | 3.53 | Oftentimes |
| b. Competitors price and offer | 3.25 | Sometimes |
| c. Other factors such as political, environmental, demography, economic condition etc. | 3.00 | Sometimes |
| OVERALL | 3.41 | HIGH |

The results show that “Oftentimes” they consider available offers ($X=3.88$), business structure ($X=3.94$), profit ($X=4.06$) and cost ($X=3.44$) as internal factors in pricing. Also, oftentimes, they consider the market and demand ($X=3.53$) as external factors in pricing decision. But sometimes they consider the competitors’ price and offer ($X=3.25$) and other factors such as political, environmental, demography, economic condition, etc. ($X=3.00$) as external factors in price considerations. Since price is the only element among the P’s of marketing mix that generates income, owner/managers of hotels and resorts always see to it that prices are fair and affordable in order to retain customers.

Level of implementation of marketing practices of the hotels and resorts in terms of promotion is shown in Table 7. It can be seen from the results that there is a “High” ($X=3.53$) level of implementation of marketing practices in terms of promotion. They “always” consider greeting customers and being friendly ($X=4.65$) and providing customers with clean and ventilated rooms/cottages ($X=4.50$). “Oftentimes” they consider giving customers discounts ($X=4.00$), providing additional amenities such as maid service, radio plus cable TV, telephone/intercom ($X=3.94$), and providing additional assistance and information ($X=4.05$). These are the most common factors to be considered in order to capture and maintain customers’ loyalty, considering that customers are the ones who give income to the business in return for services. Sometimes, they give souvenirs and gifts to customers ($X=2.88$). “Oftentimes” the management of the hotels and resorts consider print media ($X=3.79$) as a promotion practice. Sometimes they use personal selling ($X=3.11$) and sales promotion ($X=3.36$) as a promotion practice. According to some owners/managers they oftentimes use print media as their promotion practice because it leads to a higher level of success for the operation. At the same time it could reach a specific population or targeted clientele. “Sometimes” they consider local radio ($X=3.18$), brochures distributed through customers ($X=3.22$) and billboards nearby ($X=3.39$). They “rarely” used local newspaper ($X=2.35$) as a way to advertise their business. Owners/managers expressed that they give much thought and time to promotions since they are very important for their organization’s success. The reason why they spend time to craft an innovative promotion strategy is to capture the attention of existing and prospective customers.

However, these managers and owners understand that being approachable and friendly is the best way of promoting the business.

Table 7 - Marketing Practices of Hotels/Resorts in Promotion

| Promotion | Mean | DR |
|----------------------------------------------------------------------------------------------------------------|------|------------|
| <i>Factors observed to capture and maintain Customers' loyalty</i> | | |
| a. Giving customers' discount | 4.00 | Oftentimes |
| b. Providing additional amenities such as maid service, radio and television plus cable TV, Telephone/intercom | 3.94 | Oftentimes |
| c. Providing additional assistance | 4.05 | Oftentimes |
| d. Greeting customers and being friendly | 4.65 | Always |
| e. Providing customers with clean and ventilated rooms/cottages | 4.50 | Always |
| f. Giving souvenirs and gifts | 2.82 | Sometimes |
| <i>The management uses the following promotion practice</i> | | |
| a. Personal selling | 3.11 | Sometimes |
| b. Print media | 3.79 | Oftentimes |
| c. Sales promotion (e.g. give free gifts) | 3.36 | Sometimes |
| <i>Ways of advertising the hotels, inns and resorts</i> | | |
| a. Local radio | 3.18 | Sometimes |
| b. Local newspaper | 2.35 | Rarely |
| c. Brochures distributed | 3.22 | Sometimes |
| d. Billboard nearby | 3.39 | Sometimes |
| <i>The hotels/resorts observed the importance of promotion</i> | | |
| a. The hotels/resorts have sufficient budget for advertising | 3.47 | Oftentimes |
| b. The hotels/resorts have a strong promotion program | 3.71 | Oftentimes |
| c. Promotion affects the volume of sales | 3.65 | Oftentimes |
| d. The advertising activities could reach target clientele | 3.56 | Oftentimes |
| OVERALL | 3.53 | HIGH |

The correlation coefficient between the level of marketing practice of hotels and resorts of ChiangMai and the aforementioned business-related factors is presented in Table 8.

Table 8 - Correlation Coefficients of Marketing Practices

| Business – Related Factors | Marketing | Practices | | |
|----------------------------|------------------|-----------|-----------|---------|
| | Product Offering | Pricing | Promotion | Overall |
| Type of ownership | .183 | .095 | .092 | -.196 |
| Capital: Initial | .032 | -.211 | -.440 | -.055 |
| Current | .020 | -.001 | -.371 | .151 |
| Number of employees | .074 | -.082 | .153 | -.027 |
| Years of existence | .008 | .280 | -.245 | -.059 |

r- required at .05 = .4438

The data reveals that all of the four business-related factors, namely type of ownership ($r = -0.196$), capital ($r = -0.206$), number of employees ($r = -0.027$), and years of existence ($r = -0.059$) failed to surpass the r required at .05 probability level which is 0.4438. Therefore, the null hypothesis which states that there is no significant relationship between the level of marketing practices of hotels and resorts of ChiangMai and the aforementioned business-related factors cannot be rejected. This means that the level of marketing practices is not significantly related to the type of ownership, capital, number of employees, and the years of existence. The level of

marketing practices of hotels and resorts are not influenced by the type of ownership, capital, number of employees, and the years of existence.

Table 9 - Customers' Satisfaction and Marketing Practices

| Customers' Satisfaction | Mean | DR |
|------------------------------------------------------------|------|----------------|
| <i>On Product Offering</i> | | |
| a. Variety of products | 3.52 | Much Satisfied |
| b. Quality of Service | 3.95 | Much Satisfied |
| c. Quality of food and beverages | 3.70 | Much Satisfied |
| d. Quality of recreational facilities | 3.58 | Much Satisfied |
| e. Arrangement and presentation of rooms/cottages | 3.96 | Much Satisfied |
| f. Ventilation | 3.95 | Much Satisfied |
| g. Lighting | 3.65 | Much Satisfied |
| OVERALL | 3.76 | Much Satisfied |
| <i>Pricing</i> | | |
| a. Prices of rooms/cottages | 3.59 | Much Satisfied |
| b. The prices vary according to quality | 3.67 | Much Satisfied |
| c. The prices vary according to target market | 3.46 | Much Satisfied |
| d. The prices are based on the prevailing market condition | 3.46 | Much Satisfied |
| e. The prices are based on supply and demand | 3.49 | Much Satisfied |
| f. Acceptance of price | 3.50 | Much Satisfied |
| OVERALL | 3.52 | Much Satisfied |
| <i>Promotion</i> | | |
| a. The use of radio advertising | 3.06 | Satisfied |
| b. The use of discounts as a promotion strategy | 3.40 | Satisfied |
| c. The use of local newspaper | 2.88 | Satisfied |
| d. The use of billboard(s) | 3.10 | Satisfied |
| e. The use of brochures given to customers | 3.36 | Satisfied |
| f. Giving souvenirs | 2.47 | Satisfied |
| OVERALL | 3.04 | Satisfied |
| General Mean | 3.44 | Much Satisfied |

The level of customers' satisfaction derived from the marketing practices of hotels and resorts in ChiangMai in terms of product offering, pricing and promotion is presented in Table 9. The data reveals that customers are "Much Satisfied" ($X=3.44$) with the product offering, pricing and promotion of the hotel and resort business. It can be seen from the data that customers are "Much Satisfied" ($X=3.76$) with the products offered by the hotels and resorts. Likewise they are much satisfied with the variety of products ($X=3.52$), quality of service ($X=3.95$), quality of food and beverages ($X=3.70$), quality of recreational facilities ($X=3.58$), arrangement and presentation of rooms/cottages ($X=3.96$), ventilation ($X=3.95$) and lighting ($X=3.69$). This has been observed by the researchers through the customers' demeanor in the hotels and resorts.

It can be gleaned from the data that customers are "Much Satisfied" ($X=3.52$) with the pricing of hotels and resorts. In particular they are very satisfied with the prices of rooms/cottages ($X=3.56$), and furthermore, the prices vary according to target market ($X=3.49$). The prices vary according to quality ($X=3.67$), the prices are based on the prevailing market conditions ($X=3.46$), the prices are based on supply and demand ($X=3.49$), and are based the acceptance of price ($X=3.50$). According to operators, prices must be fair to competition and reasonably affordable in order to maintain the operation of the business and to retain customers' loyalty at the same

time. Likewise, prices should be fair to the return on investment, as expressed by the owners/managers.

The customers are “Satisfied” with the promotion of the hotels and resorts operation (X=3.04). Moreover they are “satisfied” with the use of radio advertising (X=3.06), the use of discounts as a promotion strategy (X=3.40), the use of the local newspaper (x=2.88), the use of billboard(s) (X=3.10), and the use of brochures given to customers (X=3.36). They are moderately satisfied with giving souvenirs (X=2.47). Customers are satisfied with the promotions because it helps them become aware of the services offered by these establishments.

The correlation coefficient between the level of customers’ satisfaction and the marketing of hotels and resorts of ChiangMai is presented in Table 10. It can be gleaned from the data that customers’ satisfaction in terms of product offering (r = .025), pricing (r = -.301), and promotion (r = .209) failed to surpass the r required at .05 probability level which is .4438. Therefore, the null hypothesis which states that there is no significant relationship between customer satisfaction and the marketing practices of hotels and resorts of ChiangMai cannot be rejected. This means that the level of customers’ satisfaction is not significantly related to the marketing practices of hotels and resorts in terms of product offering, pricing and promotion. The level of customers’ satisfaction is not influenced by such practices.

Table 11 presents the common problems, issues, and comments of the owners/managers and customers with regards to the operation of the hotels and resorts. One of the common problems encountered by the hotel and resort owners/ managers is transportation. Transportation is a special trip that has a huge cost to the business (5.26%), and not having a service vehicle is another problem (5.26%).

Table 10 - Correlation Coefficients-Customers’ Satisfaction and Marketing

| Customers’ Satisfaction | Marketing Practices | | | Overall |
|-------------------------|---------------------|---------|-----------|---------|
| | Product | Pricing | Promotion | |
| Product Offering | .381 | .056 | .114 | .025 |
| Pricing | .231 | -.158 | -.048 | -.301 |
| Promotion | .388 | .328 | .300 | .209 |

r - required at .05 - .4438

It can be seen from the data that the most common problem for customers is that the facilities must be repaired (4 or 21.05%), 2 (10.53%) additional reservation of rooms, another 2 (10.53%) that more briefing and training of hotel operations to improve the business, 2 (10.53%) suggest to provide shuttle bus or resort service car, 2 (10.53%) suggest to provide shuttle bus or resort service car, one (5.26%) states that the parking area is too small, one (5.26%) mentioned poor restaurant service, and one (5.26%) said the dining facilities were not pleasing to the eyes. Customers are very interested in the quality of the services along with the quality of their comfort in the rooms.

Table 11 - Problems, Issues, Comments for Hotels/Resorts

| Problems, Issues, Comments | f | % |
|-----------------------------------------------------------------------------|---|-------|
| <i>Owners/managers</i> | | |
| Transportation is always a special trip which cost so much to the operation | 1 | 5.26 |
| No service vehicles | 1 | 5.26 |
| <i>Customers</i> | | |
| Additional reservation of rooms | 2 | 10.53 |
| More briefing and training of hotel operation | 2 | 10.53 |
| Facilities should be repaired | 4 | 21.05 |
| Additional employees | 1 | 5.26 |
| Not enough promotion | 1 | 5.26 |

Implications and Recommendations

This study was conducted to find out the marketing practices of Hotels and Resorts of ChiangMai in terms of business-related factors which covered the type of ownership, capital, number of employees, years of existence, the level of implementation of marketing practices along with product offering, pricing and promotion, and their customers' satisfaction. It also reflected upon some of the problems, issues, and comments made by the managers and customers regarding the operations of the business in order to find ways and means to enhance the operations. The respondents included 189 guests who checked-in to the hotels and resorts during the data gathering period at the 19 hotels and resorts in ChiangMai.

The marketing practices of hotels and resorts are not significantly related to the aforementioned business-related factors in terms of type of ownership, capital, and the number of employees and years of existence. The level of customers' satisfaction is not significantly related to the level of implementation of marketing practices in terms of product offering, pricing and promotion. The most common problem encountered by some owners/managers is the actual location being far from the central market. While some customers stated that a few of the facilities require some repairing.

It is recommended that the owners / managers of these hotels and resorts undergo training seminars regarding the mechanism of hotel operation and do the following: craft a unique and innovative advertising program, promotion strategies must be strengthened and improved; and provide good facilities coupled with prompt and courteous service. Furthermore, city government officials and local leaders should do what they can to attract more tourists to the province during the slow season, encourage more investors to expand and improve the existing marketing strategies, and provide funding to educational institutions so marketing research can be conducted. Finally, based on the findings and conclusions of the study, the following recommendations are also presented:

1. ChiangMai is now fast becoming a tourist destination in the province because of the ancestral houses that depict the historical landmark of the country being the surviving colonial province from the Spanish regime. Therefore, due to tourism, service businesses including hotels and resorts are indeed a growing business in the locality.
2. Government should encourage more investors by giving incentives like tax and holidays in order to expand and improve the operation of their business.
3. In starting-up a business like hotels and resorts, the three P's of marketing mix should always be a primary consideration. First, it is important to know the needs and wants of customers so you can determine how to best satisfy them. Secondly, pricing a product or

service can be calculated based on the cost of the business to recover the operational expenses; be sure that they are fair and reasonably affordable for the customers. Likewise, do not only rely on a single technique of pricing. Advertise the product through the use of print media and other promotional techniques in order to make the product more popular in the minds of existing and prospective customers.

4. Provide more and improved recreational facilities, such as bowling lanes, pools and games in more locations.
5. Improve customer satisfaction levels by providing a wide variety of products with high quality coupled with courteous and prompt services sold at a reasonable price.

Summary

Among the more prominent findings of the study is the fact that the hotels and resorts situated in ChiangMai are largely sole proprietorship in nature. Almost all managers are college graduates, and the majority of them are female. A great majority offered more than sixteen rooms that are mostly double size in nature, and the most common forms of service used are self-service and bell-boy assistance. The hotels and resorts consider foremost the sanitation and cleanliness of their surroundings. In terms of pricing, they considered maintaining consumer's loyalty by providing discounts, having additional assistance, greeting customers, being friendly, and providing customers with clean and ventilated rooms. While the most common promotion practice of the hotels and resorts is print media, other forms such as local radio, brochures distribution and bill-boards nearby are the most common ways of advertising. Implications and recommendations for managers, owners, and local leaders were briefly presented.

The purpose of this study was to determine the marketing practices of hotels and resorts of ChiangMai in terms of product offering, pricing and promotion. There was no significant relationship between the level of marketing practices and the business-related factors in terms of type of ownership, capital, number of employees and year of existence. Furthermore, the data revealed no significant relationship between the level of customer satisfaction and the marketing practices in products, pricing and promotion.

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Biography:

Chonlada Sangkaworn is a graduate of the Master of Business Administration degree from the Institute of International Studies at Ramkhamhaeng University, Thailand. She has worked in customer service and supervisory positions for many years in Thailand. Her areas of research are management, leadership, service, and marketing.

Bahaudin G. Mujtaba is an Associate Professor of Management and Human Resources at Nova Southeastern University's H. Wayne Huizenga School of Business and Entrepreneurship. Bahaudin has served as a manager, trainer, and management development specialist in the corporate world as well as a director, department chair and faculty member in academia. His areas of research are ethics, higher education assessment, leadership, faculty training, and diversity management.