A Comparative Study on Marketing Strategies and Innovative Concepts Adopted by Luxury Hotels and Mid Segment Category Hotels in Mumbai City

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Abstract- The present study is titled as A Comparative Study on Marketing Strategies and Innovative Concepts adopted by Luxury hotels and Midsegment Category of Hotels in Mumbai City. The study aims at comparing the Marketing Strategies followed in Luxury hotels and Midsegment Category Hotels in Mumbai City, today Luxury hotels and Midsegment Category Hotels are the fastest growing and developing hotels throughout the world and have gain popularity in recent past, however both these category of hotels are facing challenges related to Stiff Competition, Maintaining Occupancy and Customer Retention. This study covers two important aspects of marketing i.e. Customer Relationship Marketing and value added services followed by these hotels for this study 22 Luxury hotels and 56 Midsegment Category of Hotels from Mumbai were selected.

Key words-Luxury hotels, Mid-segment Hotels, CRM, Value Added Services

Introduction-
This study tries to make a comparison between luxury hotels and mid segment hotels on the basis marketing strategies related to CRM, and Value added services provided by these hotels. Today hotel industry is being redefined with novel concepts, innovations and renewed strategies, currently new concepts in the hospitality has been evolved such as Mid segment Hotels which are also known as mini full service hotels recognized as business class, compacted with basic facilities for discerning business travelers targeting a specific market segment of mid rank business executives and price sensitive corporate these hotels are set to be competitive hospitality units, reasonably priced with good service, style, ambience and they demonstrate professionalism, unlike Mid segment Hotels Hospitably experts have forecasted a very high growth luxury hotels also in the coming times.

Since there are high expectation of the customers from both these category of hotels, running these hotels is not an easy task because a crystal clear need of professionally qualified managerial and supervisory team is essential to manage these hotels, today the hotel industry faces problems related to stiff competition for which they need to redevelop their marketing strategies to maintain customer retention and stay competitive in the market and to strengthen their stability.

In the current scenario the hotel industry is facing high competition and to survive in this competitive environment these hotels will have to create and implement good Marketing strategies to attract as well retain their customers.

(Luxury) Five Star Hotels

The most luxurious and conveniently located hotels in India are grouped under Five Star Deluxe Hotel categories. Five Star Deluxe in India are globally competitive in the quality of service provided, facilities offered and accommodation option. These are top of the line hotels located mostly in big cities. These hotels provide all the modern facilities for accommodation and recreation matching international standards in hospitality. Luxury hotels caters to the upscale business and leisure travelers, these hotels cater to the clientele who demand the very highest levels of product and services the room rental charges of these hotels are also high as compared to the other category of hotels famous luxury brands of hotel includes Taj,Oberio,Hytt,HolidayInn,Marriots to name a few.

MIDSEGMENT HOTELS

Ninemeir and Perdue have stated that midsegment hotels were developed as a direct result of consumer demand and, at the beginning of the 21st century, they are the largest and fastest growing segment of the lodging industry, for many travelers, a simple safe hotel room located near their desired destination or on the way is all that is required Features that make midsegment hotels a unique segment of the hotel industry include their size, the large proportion that is affiliated with franchise brand and most significantly the room rental charges and guest services that are offered. Popular brand includes Accor Hotels, Choice Hotels, Berguren group of hotels and many more these brands are attractive to owners and the investors because they are relatively inexpensive to...
build and very easy to operate. Travelers are attracted by low room rates, and in many cases, convenient locations. Amenities offered by these are few, properties in these segments are not likely to have swimming pools, larger meeting spaces, or exclusive food and beverage facilities although some offer continental breakfast. Food service are offered in the lobby or small room near lobby, a relatively new term, lobby food services, all the franchised hotels offer internet access to their guests, successful midssegment hotels in this segment offer clean and safe rooms, low prices and few frills although some of these hotels have come up with swimming pools, spas and F&B service outlets in their hotels.

**Literature Review**

**CRM-Relationship Marketing** has been defined as managing detailed information about individual customers and carefully managing customer “touch points” in order to maximize customer loyalty. By using CRM to understand customers better, companies can provide higher level of customer service and develop deeper customer relationships. They can use CRM to pinpoint high-value customers, target them more effectively, cross-sell the company’s products, and create offers tailored to specific customer requirements.

The CRM has been defined by several scholars from different points of view. The concept of CRM has been enriched from various viewpoints namely satisfaction loyalty, retention, allocation of recourses for retaining customers, top management

**Advantage of Customer relationship marketing to the organizations**
- Retention of Customers
- Increased Revenues and Sales Turnovers
- Reduction in Service Promotional Expense
- Reduction in the Service Understanding Gap
- Establishment of Understanding between the Customer and the Front Office Staff

**Advantages to the customer**
Availability of Personal Attention
Saves Search Time and Efforts in case he wants to avail services.
The main characteristics of Relationship marketing could be summarized as following:
Focus on customers
Product benefits orientation
Long terms
Focus at customers services
High level of consumer’s involvement
High level of contacts with consumers

**VALUE ADDED SERVICES**

**Value-Added Marketing Strategies** The right combination of quality, service, and value is the key to market success, As per Cassel customers generally perceive value as high quality at a reasonable price, but not necessarily the lowest price. Quality includes both product features and the quality service that is delivered before, during and after the sale. Hoteliers are increasingly concerned with preventing quality glitches before the services reach the customers away forever in their quest for quality, service and value.

According to the Cassel the term "value added services" is used to refer to options that complement but a core service offering from a company but are not as vital, necessary or important. This term is used in many industries, most notably the telecommunications industry. Value added services are often introduced to customers after they have purchased the core services around which this ancillary offer Benefits Value added services provide advantages for both the customers and the service providers. Customers have the opportunity to receive something above and beyond their basic needs. Providers benefit from an increased rapport with the client, which could translate into more revenue. These additional customer services often cost the company little but have the potential to significantly enhance the growth and the reputation of the company. Value added services play vital role in the hospitality industry because these services are a source to attract and retain customers in the hotels, some of the Value added services provided by hotels include surprise gifts in the form of complementary bottle of wine on arrival free gifts such cakes, chocolates, salads, any beverage, providing free pick and drop from airports or railway stations, discounts on food and beverages during happy hours concierge services including shoe polishing and pressing, complementary newspaper, magazines Complimentary drinks, cocktails and canapés etc.

**Problem statement** – Stiff Competition and customer retention is a big problem faced by the hotel industry for which different categories of hotels should formulate effective marketing policies to survive in today’s competition

**Objectives of the study**

1) To study and compare value added services provided by luxury and mid-segment category Hotels
2) To compare and analyze CRM policies implemented by luxury and mid-segment category Hotels
Hypothesis of the study

1) H1 Luxury hotels provide better Value added services as compared to mid segment Hotels
2) H2 Effective CRM policies exist in Luxury hotels as compared to mid segment hotels

Research Methodology

Primary Data-To carry on this research self-administered questionnaire were filled from the marketing managers and in-depth interviews were conducted by visiting these hotels

Secondary Data- Through Books, Journals, Periodicals, Websites, Business Magazines

Data Analysis-

H1: Luxury hotels provide better Value added services as compared to mid segment Hotels

<table>
<thead>
<tr>
<th>Value added Services</th>
<th>Luxury hotels</th>
<th>%</th>
<th>Mid-Segment hotels</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free pick up and drop</td>
<td>18</td>
<td>81.8%</td>
<td>2</td>
<td>3.6%</td>
</tr>
<tr>
<td>Complimentary Breakfast</td>
<td>22</td>
<td>100.0%</td>
<td>14</td>
<td>25.0%</td>
</tr>
<tr>
<td>discounts on beverages</td>
<td>16</td>
<td>72.7%</td>
<td>7</td>
<td>12.5%</td>
</tr>
<tr>
<td>discounts on Meals</td>
<td>21</td>
<td>95.5%</td>
<td>3</td>
<td>5.4%</td>
</tr>
<tr>
<td>Surprise gifts</td>
<td>15</td>
<td>68.2%</td>
<td>1</td>
<td>1.8%</td>
</tr>
<tr>
<td></td>
<td><strong>22</strong></td>
<td><strong>56</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Graph: Value added Services provided by luxury hotels
Graph: Value added Services provided by mid segment hotels

Analysis

Luxury hotels: Most of Luxury hotels provide all value added services. 81.8% Luxury hotels provide free pick up and drop from airport and railway station. 72.7% provide discounts on beverages, 95.5% provide discounts on Meals and 68.2% provide Surprise gifts. All these hotels provide complimentary Breakfast as value added service.

Mid segment hotels: Very few mid segment hotels provided value added services. 3.6% of these hotels provided free pick up and drop from airport and railway station. 12.5% these hotels provided discounts on beverages, 5.4% provided discounts on Meals and 18 % provided Surprise gifts. Only 25.0% of these hotels provided complimentary Breakfast to their customers as value added service.

From the above data it is proved that Luxury hotels provide better Value added services as compared to mid segment Hotels

H2: Effective CRM policies exist in Luxury hotels as compared to mid segment hotels

<table>
<thead>
<tr>
<th>Relationship marketing</th>
<th>Luxury hotels</th>
<th>%</th>
<th>Mid-Segment hotels</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package discounts</td>
<td>18</td>
<td>81.8%</td>
<td>19</td>
<td>33.9%</td>
</tr>
<tr>
<td>Loyalty points</td>
<td>16</td>
<td>72.7%</td>
<td>2</td>
<td>3.6%</td>
</tr>
<tr>
<td>discounts for repeat customers</td>
<td>22</td>
<td>100.0%</td>
<td>23</td>
<td>41.1%</td>
</tr>
<tr>
<td>Efficient complaint handling System</td>
<td>22</td>
<td>100.0%</td>
<td>1</td>
<td>1.8%</td>
</tr>
<tr>
<td>CRM Software</td>
<td>14</td>
<td>63.6%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>SMS and email for Birthday &amp; Anniversary</td>
<td>16</td>
<td>72.7%</td>
<td>2</td>
<td>3.6%</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Graph: Relationship marketing provided by Branded Budget hotels

Graph: Relationship marketing provided by mid segment hotels
Analysis

Luxury hotels: Most of Luxury hotels ensured CRM policies. 
81.8% of these hotels provided Package discounts. 
72.7% provided Loyalty points to customers 
63.6% were having CRM software 
72.7% were resending SMS and email on Birthday & Anniversary of the customer. 
All the Luxury hotels provided discounts for repeat customers and were having efficient complaint handling system

Mid-Segment hotels: Very few mid-segment category hotels were having effective CRM policies in their hotels. 
33.9% these hotels provide Package discounts. 
3.6% these hotels provide Loyalty points to the customers, 
41.1% provide discount to repeat customers 
3.6% send SMS and email on Birthday & Anniversary of customer. 
1.8% of these hotels have efficient complaint handling System. 
None of the mid-segment category of hotels were having CRM software.

From the above data it is proved that Effective CRM policies exist in Luxury hotels as compared to mid segment hotels

Findings

1) Majority of the Luxury hotels were implementing Formal Relationship In their hotels whereas very few of Midsegment of Hotels were giving importance to Formal Relationship Marketing strategies in their hotels. 
2) Almost all the Luxury hotels were emphasizing on forming long term relationship with their customers 
3) Loyalty Programs and Business Relationship Management Strategies were not found in Midsegment Hotels in comparison to this many of these strategies were existing in Luxury hotels 
4) This study reveals that in Majority of the Luxury hotels practiced Formal Customer relationship management

Suggestions

Hotels are continually seeking new ways to acquire, retain and increase business, since the cost of losing customer is rising. Especially Midsegment Category hotels need to put in place competitive Marketing strategies to improve their competitiveness and thus retain customers. Some of the Luxury hotels and many of the Midsegment Category of hotels must implement Structured CRM policy these hotels should make use of (IT) Information technology and software in their day to day working to ensure efficiency and develop effective CRM Policies by creating data bank of their customers related to the likes, dislikes and preferences details of their customers for continuous business developments

Limitations-This study is likely to suffer certain limitations due to constraints such as time and resource sine it was very difficult to get data from the hotels due to difficulty in getting data from the managers of these hotels as many of them were reluctant to share the information as per the management’s policy

Conclusions

This study could be concluded by stating that CRM and value added services are very important aspects of marketing strategies in today’s competitive world because today’s customers expect value for money so they expect value added services and personal attention from these hotels. It could also be concluded that effective CRM policies are backbone of customer retention so effective CRM policy is a must in today’s competitive world and it plays a very important role to survive in today’s fierce competition.

Managerial Implication: This study will help the management of Luxury and Mid-segment Hotels to improve and reframe their marketing strategies related to CRM and implementation of value added services because these factors are very important to achieve customer satisfaction, ultimately this study will also contribute to the hotel industry to plan appropriate marketing strategies for further business developments.

Bibliography


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**Webligraphy**

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