



**ST.MARY UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENTS ON MARKETING STRATEGIES OF SELECTED  
HOTELS IN ADDIS ABABA**

**BY**

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## **ACRONYMS AND ABBRIVATIONS**

<b>AAA</b>	American Automobile Association
<b>AMA</b>	American Marketing Association
<b>MoCT</b>	Ministry of Culture and Tourism
<b>SERVQUAL</b>	Service Quality
<b>UNECA</b>	United Nations Economic Commission

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## **ABSTRACT**

*The hotel industry in Ethiopia has a time-honored vibrant history commencing with inns, and lodges, and later growing into hospitality industry. The incredible significant change in hotel and tourism industry around the globe brought many changes within the field of hotel business management. The vast market for hotel industry, especially classified hotels for a developing country like Ethiopia, is closely related with the tourism industry majorly due to the origination of consumers of the sector services, international tourists. This research was conducted to study the marketing strategies effectively and efficiently used by marketing managers and employees for promoting hotels products and services in order to attract loyal customer and new ones. Data collection was conducted through questionnaires for four and five star hotels in Addis Ababa and semi structured interviews with officials of ministry of tourism. Thus Data collected h through interviews was analyzed qualitatively; and for questionnaire it was analyzed quantitatively. A total of 165 questionnaires were administered to 12 four and 4 five star hotels ,customers, marketing managers, employees were interviewed and 150 questionnaires were returned and usable for a comprehensive empirical analysis, Both descriptive and inferential statistics have been used Moreover, the findings revealed that the four and five star have an experience of more than 10 years and also an average of 6-9 years this implies that majority of the respondents have an experience of more than six years. For the profitability of the hotels experience matters. Hotels uses the types of marketing strategy that increases the profitability of the hotels, in product marketing strategy the hotels uses media and internet as best mechanism to advertise their product and service, when we see the price marketing strategy, they have an affordable pricing strategy. Place marketing strategy implies in the study were the location of the hotels not that much affect the profitability of the hotels, at last but not the least the distribution marketing strategy, the hotels have to fulfill the best distribution or selling their services, when the hotels integrate all the marketing strategy with the education of the hotels manager they can be well known and the best competitor in the international market. Hotels must strive to attract new customers, sustain & even delight the current one's and be a better competitor in the industry by using different types of marketing strategies other than mere advertising by nationality programs they should also use social media for instance like telegram,viber which most people are turning to get for simpler information because they are easier to access,in addition some of these big hotels lack educated Ethiopian marketing managers at the higher management position who collaborate with the foreign higher marketing managers so as to employ marketing strategies that are effective , efficient and realistic that attracts/draws customers from inside and outside the country Finally the researcher recommend that hotels should utilize all major forms of marketing strategies thoroughly in order to reach a broad market of consumers, hotels should also stay up-to-date with technology and social media trends to manage web-based marketing to reach more customers.*

*Key words: hotel industry, place, price, distribution, and product marketing strategy*

# **CHAPTER ONE: Introduction**

## **1.1. Background of the Study**

The hotel industry provides the two basic physiological needs of a human being i.e. food and shelter which make the sector very relevant. The hotel industry has a longstanding vibrant history commencing with inns, and lodges, and later growing into hospitality industry (Michael and Richard, 2001). Quality of services provided in hotels determines the perception of customers about a given country or locality and outsiders might generalize the culture of the country based on the way they are treated in the hotels. These shows, that other than contributing to the economy of a country, hotels play a vital role in building the image of a country.

The incredible significant change in hotel and tourism industry around the globe brought many changes within the field of hotel business management. Meaning, the development and expansion of travel considering the significance in tourism has contributed considerably for the development of the hotel industry. In today's highly competitive, dynamic and challenging business environment, the level of consumer acceptance and preference are critical for the survival of a business, In the 21<sup>st</sup> century consumers are becoming more rational and speculative in their willingness to spend on service they believe will give them value and maximize their utility owing to the fact that several factors must be considered which will be seen in this proposal.

In addition to these, globalization enables consumers to get access to valuable information about a service before making a choice. This situation forces service givers to put an extra effort in attracting and retaining customers. Nowadays in highly competitive business environment let alone attracting new customers, even keeping existing customers loyal is very difficult and challenging in which calls for the use and employment of marketing strategy to enhance the hotel industry or business profitable as well as satisfying for users, this situation is clearly exhibited in the Ethiopian hotel industry for the past few years.

Ethiopia is one of the oldest uncolonized and independent country in Africa that possess the highest number of UNESCO World Heritage Sites in Africa. Moreover, Ethiopia is a multi-ethnic, multi-religious and multicultural country with a number of religious and cultural celebrations, practices and holidays throughout the year (Alelign, 2013). Ethiopia is also a

strategically important country in the Horn of Africa for most countries and therefore, many international meetings and conferences are held in the capital. This creates a huge demand for accommodation for hotel business and even an increase in such a demand is expected in the future. Consequently, people who have understood the demand have started investing in the hospitality industry at different levels and capabilities (Gobena&Gudeta, 2013).

The competition in most flourishing industries as well as markets has become highly competitive and stiff i.e. with increased globalization of the world economies for most enterprises, market opportunities seem to be endless these days. This in turn of course causes heightened and a cutthroat competition among the players in order to achieve better performance. Consequently, departing from the traditional commercial strategies and tactics, innovative managers are looking for unique ways to compete more effectively on a local, regional and global basis, Hence It is of a great importance for inductees to determine the right knowledge and to implement efficient and effective marketing strategies (Armstrong et. al., 2002). Similarly, the hotel industry permits no exceptions; have to apply innovative and varying methods to differentiate from one another to gain a comparative advantage. A company should never give up striving for greatness and when it comes to hotel industry, service quality plays a significant role.

Marketing as a concept includes three main goals: reference to the consumer, the development of integrated business applications and dedication to aims. It is based on determining the needs and desires of consumers, recognizing their differences, meeting the specific needs and desires, assessing long-term opportunities and threats to business operations and coordinated decision-making and control. Marketing in hospitality due to extremely complex environment becomes increasingly difficult without effective marketing considerations and planning strategies. Marketing strategy is a stable and consistent way of relationship between hospitality organization and its environment.

The concept of service quality has been a subject great deal for many studies in variety of service industries including study focus towards hospitality industry has shown a growing interest. Service quality has been integral part of many empirical and conceptual studies, and it is commonly accepted that quality has positive implications for company's' competitive position and performance. Yet, despite the fact of existing vast amount of studies done in this vicinity of

service quality and quality related issues, it has received little research attention within the hospitality context (Harrington and Akehurst, 1996).

Furthermore, studies conducted on quality in the service industries have also articulated concerns regarding quality dimensions in hotel industries and, in particular, with regard to the methods used to measure customer perceptions of hotel service quality (Johnston *et al.*, 1990). The relative rise of investment is recently seen in hotel and the tourism sector. Hotel industry as an industry consists of many diverse services, to mention a few like restaurants and cafes, accommodation and catering services. The vast market for hotel industry, especially classified hotels for a developing country like Ethiopia, is closely related with the tourism industry majorly due to the origination of consumers of the sector services, international tourists. This particular study is therefore a compilation of assessments to depict the diverse marketing strategies in selected hotel companies which is a basing stone for enhancing the sectors capacity in the country.

## **1.2 Statement of the Problem**

The growing competition in the domestic and international markets, more demanding and assertive customers, rapid advancement in technology, and changing government policies and laws, the marketing environment has changed dramatically and is becoming more turbulent. Marketing is a major stakeholder in new product development, customer management, and value/ supply chain management, and marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business's customers. Therefore, to deal with the current challenges, the businesses must have more distinctive and purposeful marketing strategies and they should be effectively implemented (Subhash, 1997).

Ethiopia has showed a promising Improvement in economic development since the 1990's, along with a greater political stability, economic reforms and a more forward looking government policy. According to World Bank (2012), the country's rank for conduciveness of business environment has been progressing by far better than most of developing countries in general and nearby African countries in particular. Its current rank is 111<sup>th</sup> among 187 nations. Yet, the country is still ranking behind most nations in terms of basic business indicators. The weak records in the provision of loans from banks ranking 150<sup>th</sup>, protection for investors ranking

122<sup>nd</sup>, and property registration ranking 113<sup>th</sup>, start-ups of new businesses ranking at 99<sup>th</sup>, and electricity supply ranking at 93<sup>rd</sup> and these rankings are set basing on the degree of severity of the problems correspondingly from 187 countries.

Ethiopia has a small number of hotels which have been subjected to less standards relatively comparing to the number of international standard, for instance currently Hilton hotel has been downgraded to four star hotel from five star due to its service quality and other standards (ministry of culture and tourism December, 2018 star rating list web site), hotels in Ethiopia with hotels in countries like Morocco, Egypt and Kenya, there is marked a big difference in number. The Embassy of Japan in Ethiopia (The Embassy of Japan in Ethiopia 2008 had published, *A Series of Studies on Industries in Ethiopia vol.10, Study on the Hotel Industry in Ethiopia.*) which revealed that the hotel stock amounted in Egypt to more than 140,000, Morocco 80,000 and 65,000 in Kenya. In concomitant to this, the international hotel classification system has been adopted in Ethiopia and the hotels are classified into different categories with stars ranging from one to five and other hotels without stars. Referring to Ministry of Culture and Tourism (MoCT) of Tourism Statistics Bulletin (2009), the total number of hotels in Ethiopia giving the overall services mentioned above in the year 2009 was about 426. A recent data on the number of hotels in the country was unavailable. As a result, to estimate the total number of hotels in 2016, MoCT's given 20% growth rates in the hotel industry can be taken for the projection and accordingly, in the end year of 2016 the total number of hotels in the country is estimated to be around 810. This figure comprises of all five stars, four stars, three stars, two stars, one star as well as hotel with no star or not classified categories.

In the Ethiopian hotel industry, the perception of hotel about marketing had not shifted from mere advertising until recently which was the result of the competition being witnessed in the market. Nowadays, hotels not only compete with each other but also have to contend with challenges from other types of organization in the market (Soyinbo, 1988). To do this successfully, need an understanding of the process of marketing and marketing strategies which will aid in improving hotels performance in which will be the study of the research. Though there is increasing empirical evidence on the impact of marketing strategies and company performance in developed markets, much attention has not been given and there are few empirical evidence in developing economy such as Ethiopia to examine marketing strategy and

its impact on hotel business financial performance specifically in the service sector. Marketing managers develop and implement strategies with the intention to improve the performance of their company. Marketing academics study the relationships between strategies and performance with the aim of formulating guidelines about the effectiveness of strategies. Both managers and academics try to find out which strategies under which circumstances may improve to what extent the hotel business performance (Huzingh and Zengerink, 2001).

Although the country's development track in different sectors has shown a promising enhancement, yet the country has been suffering from having world class hotel chains in quantity and quality which can provide international service standards. Various studies have also tried to depict a challenge that the country also suffers from attracting more private hotel owners mainly due to distinct reasons such as existing hotels for not performing well as per the international hotel standard and these clearly shows that the country cannot fully enjoy the fruits from economic contribution of hospitality industry. A study by Ebisa and Andualem (2013) revealed that the shortage of accommodation in Addis Ababa and in other regions is one of the main hindrances for the tourism sector development. As tourism destinations in the country are spread throughout various regions, the infrastructure development connecting these sites and hotel development play a significant role. Furthermore, international conference tourism is also on the rise in country mainly due to the presence of many international organizations and the headquarters of the African Union as well as the United Nations Economic Commission for Africa (UNECA) as mentioned above.

There are various studies made in hospitability industries for diverse purposes reminiscent of academic fulfillment, governmental and non-governmental office researches, project monitoring and evaluation and etc. However, apart from few isolated case studies, most of them have abandoned the subject matter that customer service delivery and customer satisfaction. For instance, Alealign(2013) and Bezuye (2010) assessed that hotel related services in Ethiopia lack deep investigation and research analysis of customer service delivery and customer satisfaction in the country. Therefore, this research duly assesses the marketing strategies by integrating customer service delivery as well as customer satisfaction by using the modified form of SERVQUAL, which is Lodging Quality Index which was customized specifically for hotel industries.

In nut shell currently the hotel industry in Addis Ababa has shown an increase in high demand of market share where local and international travelers are coming from different corners of the world to our capital city with the intention of staying in different hotels where this paper focus on reaping the benefit of this advantages by assessing marketing strategies' the hotels use to attract and keep hotel guests/customers.

### **1.2.1 Research Questions**

1. What are the general and specific marketing strategies that are employed in four and five hotels in Addis Ababa?
2. how effectively are this strategies used to promote the hotel industry?
3. Which marketing strategy are used effectively and efficiently to promote a hotel business?
4. What are the marketing strategies used to attract andretraincustomers in a highly competitive market specifically in Addis Ababa?

## **1.3 Objective of the Study**

### **1.3.1 General Objective of the Study**

The general objective of the study is to asses or to conduct an investigation on the impact of marketing strategies to enhance hotel business in Ethiopia.

### **1.3.2 Specific Objective of the Study**

1. To examine the major marketing strategies to promote hotel industry in Ethiopia from major or selected hotels experience;
2. To assess the major marketing strategy challenges/opportunities faced by hotel industries in Ethiopia, and
3. To find out effective ways of promoting hotel products and efficient marketing strategies

## **1.4. Scope and Limitation of the Study**

The study is delimited geographically, conceptually, methodologically and time horizon. Even though, the researcher has intention to conduct the study on country level; it is difficult to conduct this study on country level due to unmanageability in terms of time, cost and sample



size. Hence, the researcher will select all five star hotels and five four star hotels that are found in Addis Ababa.

Geographically, the study is delimited to hotels that are found in Addis Ababa region involved in hotel industry.

Conceptually, the study will assess the different variables that enhance the performance of hotel businesses such as firms marketing strategy, customer satisfaction, and managerial characteristics of the hotel managers. The study will assess whether these variables enhance the hotel business in Ethiopia. Despite there are large numbers of hotels in Ethiopia the researcher will use only five and four star hotels that play the major role in the hotel industries?

Methodologically, despite, there will be a large number of hotels in Ethiopia; the researcher will use five and four star hotels that are found in Addis Ababa and only the managers of the hotels and professional workers will be involved in this research. Because, as best of the researcher knowledge these are the human recourse that plan, execute, control strategic marketing determinants for quality performance of their business, the study will employ cross sectional research design.

Timely, the researcher will collect the primary data in 2017. Regarding secondary data the researcher will use the data that will be collected from 2014-2016 to evaluate the marketing strategies that enhance the hotel businesses.

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

The study might have crucial role for different stakeholders. The study is expected to help the hotels to understand different variables or marketing strategies that determine/ enhance the hotel business.

Knowing these variables helps the firms to implement appropriate marketing strategies, understanding environmental factors and respond accordingly, to assess managerial and customer's satisfaction of the firm will determine the level of the hotel business.

This study is useful to managers who are constantly looking for marketing approaches practices and strategies that can be used to achieve organizational goals and objectives. Also,

organizations, and individuals concerned with formulating hotel policies and marketing strategies can benefit from this research.

Generally, the finding of the study is expected to benefit the firms in the process of implementing the appropriate marketing strategies. At the same time, the study will also be expected to attract investors in opening new hotel business. In addition, it can also be used by other researchers who want to study further in this or related areas as a reference or serve as a reading material for anyone who is interested. Finally, this research is expected to stimulate research interests among academics, and students to further investigate in the areas of marketing strategies and performance in the service industry.

## **1.6 Ethical Consideration**

Ethics is defined by Webster's dictionary as conformance to the standards of conducts of a given profession or group. Ethics is the moral distinction between right and wrong, and what is unethical may not necessarily be illegal (Bhattacharjee, 2012). In this research, the researcher tried her best to follow an ethical path in the collection, analysis, and interpretation of the data. In the process of collecting data, permission is obtained both from customers as well as from selected hotels, using a letter of recommendation from Saint Mary and has been presented to the hotel managers and permission to conduct the research. Some of the basic tenants of the ethical behavior in research like voluntary participation and harmlessness, informed consent, anonymity, and confidentiality and disclosure has been followed in the research. In giving response to the questionnaire, participants were well informed why the research is being conducted and how their response is handled with confidentiality. In the meantime, confidentiality of respondents was instructed not to write their names and moreover, assurance had been given by the researcher by mentioning that the study is used for academic purposes only and would not be passed on to any third party. In addition to this, they were informed that, if they feel any threat during the survey, they are free to withdraw from answering the questionnaire any time.

## **1.7 Organization of the Study**

The research study is composed of five chapters. The first chapter deals with introductory part that contains background of the concept, statement of the problem, basic research questions, definition of basic terms, objective of the study, significance of the study, delimitation and organization of the paper.

The second chapter includes the literatures relevant to the study. This section of the literature discusses in detail about the definitions of turnover and turnover intention, types of turnover, cause of turnover, cost of turnover, theories and identified factors of turnover intention.

This is followed by the third chapter where the methodologies adopted are presented. As such the different approaches regarding the type of data collected, the instrument of data collection, the sampling method, and other details are discussed.

The fourth chapter is on the results and discussion part. The findings from the survey will be discussed in detail. And finally the summary, conclusion, and recommendation are presented in the fifth chapter

## **CHAPTER TWO 2: LITERATURE REVIEW**

Hospitality is the act of kindness in welcoming and looking after the basic needs of customers or strangers, mainly in relation to food, drink and accommodation. A contemporary explanation of Hospitality refers to the relationship process between a customer and a host according to Chan & Mackenzie, (2013). When we talk about the “Hospitality Industry”, we are referring to the companies or organizations which provide food and/or drink and/or accommodation to people who are “away from home” (modern day hotels).

The word hotel is derived from the French *hôtel* (coming from the same origin as hospital), which referred to a French version of a building seeing frequent visitors, and providing care, rather than a place offering accommodation. A hotel is an establishment that provides lodging paid on a short-term basis or the service may last as much as the period the customer deems fit up on their interest. A facility which provides hotel service may range from a basic bed and storage for clothing, to luxury features like en-suite bathrooms. Larger hotels may provide additional guest facilities such as a swimming pool, business center, childcare, conference facilities and social function services. Hotel rooms are usually numbered or named to allow guests to identify their room. Some hotels offer meals as part of a room and board arrangement (Chan & Mackenzie, 2013).

### **Hotel service process**

The entire hotel service process consists of many services and different groups of service employees (Lewis, 2007). In the hotel industry, the geographic location of a hotel has a major relationship on its operations and profitability, The geographical location of a hotel would greatly determine the profile of its visitors, the size of its market and the level of competition that it has to face. Initially a potential hotel guest will choose a hotel from a range of hotels within a specific location that offer relatively similar services and price ranges.

When a hotel has been chosen, the potential guest will then make a reservation and receive directions to the hotel if necessary. When the time comes, the guest will then travel to the hotel, park the car or arrive by taxi, walk into the hotel and enter the service environment.

This is where they will experience first impressions of the environment after all the pre-purchase effort of selecting and travelling to the hotel.

During purchase experience now begins with entering the lobby and being greeted by reception and/or porter staff. Then the guest will check in, have luggage taken to the room and will go to the room. At this point the first impressions of the room are important.

The guest will look around the room in order to find everything he/she will possibly need during the stay. Often at this stage the guest may seek information from the brochure and promotional material in the room and may need some assistance from a hotel employee in room service, laundry service or information on how to use business or leisure facilities.

Other services the guest may want to use include using the telephone system to call home, the hotels business equipment or its workout facilities; or he/she may want to have a shower and/or get advice on restaurants.

At the end of the stay, the guest will have breakfast, check out, and retrieve the Car from parking or order a taxi, and travel home or to the airport. However, this should not be the end of the contact between hotel and guests. If sufficiently proactive, a hotel will provide some follow-up initiative to ensure the guest will consider staying in the same hotel again to make a loyal customer although finding new customers remains very important, the emphasis is shifting towards retaining profitable customers and building lasting relationships with them

According to Kotler & Armstrong (2006), hospitality industry recognizes that superior quality of service is one of the crucial factors within its control that can add value to its image and harmoniously will lead into customer retention and loyalty, then good image as well as the quality of service have become the key to hoteliers ability to differentiate itself from its competitors and retain its customers and gain their loyalty,

In today's highly competitive, dynamic and challenging hotel business environment the factors that influence customers to stay loyal can be numerous variables to mention the prominent i.e customer satisfaction, service quality, price perception, customer trust, brand image and customer retention can be among them.

**Customer satisfaction-** the level of a person's felt state resulting from comparing a product's perceived performance or outcome in violation to his/her own expectations (Kotler, 1996).

Customer Retention is the maintenance of the patronage of people who have purchased a company's goods or services once and the gaining of repeat purchases. Customer retention occurs when a customer is loyal to a company, brand, or to a specific product or service, expressing long-term commitment and refusing to purchase from competitors (Mathapati, 2009).

Customer retention in hotels is a major factor to be considered because lack of customers in the hotels will lead to lower sales thus closing up of the establishment. Retaining loyal customers for hoteliers is essential and a core factor in keeping the hospitality (hotels) in shape and competitive enough to level up the changing trends that has impacted such business and economic activities of the hotel markets (Schulz & Omweri, 2012).

Service Quality is a customer perception that occurs when the need of service is met above average, more than just adequate. In other words service quality is the ability of service that meets a customer's expectations for that specific service.

As mentioned earlier, the hotel industry is one of the most important sectors in the tourism and hospitality industry. The World Tourism organization (UNWTO) stated that the global number of hotel rooms has grown from 14 million to 17 million from 1997 to 2005 and the figure is expected to increase astronomically by the end of 2020. The growth in the hotel industry has been identified as one of the major facilitators in the development of Tourism and hospitality industry as a whole. No wonder the governments of some countries give incentives to hotel developers and owners in order to further enhance their country's tourism sector (Page 2009). Of all the various types of accommodation available to the tourist, the hotel is the biggest and most visible sub-sector. It is usually viewed traditionally as an establishment which provides accommodation, food and beverage services on a pay basis to guests who are only for a short stay. However, the modern perception of a hotel is more complex than this due to the fact that not all of the hotels provide services such as food and beverages, at the same time, some hotels even offer additional services such as conference rooms to their guests. (Cooper et al. 2008).

At this point, due to the variations in what is considered to be a hotel in different countries, it is necessary to give a simple definition of a hotel in this research work. Perhaps, the definition

proposed by the European Commission is suitable for this study. According to the Commission (Eurostat 2013) a hotel is a unit which provides stays for visitors, typically on a daily or weekly basis, principally for short stays. Furthermore, the Commission gives details of services provided by such units to include daily cleaning and bed-making as well as offering food and beverages, parking, laundry services, recreational services to the guests. It is also good to state here that some of the hotels offer amenities such as conference and convention facilities (European commission 2014.) Having given a glimpse of a hotel, the reason for variations in what constitute a hotel in different countries can better be explained by taking a closer look into how hotels came into existence and the origin of the industry.

## **2.1 Origin of Hotel Industry in Brief**

The history of hotel industry is as old as man himself. According to Jacques Levy-Bonvin, the history can be traced back to the biblical times when records were made about numerous facilities offering guests a resting place. One notable thing about the hotel in those days was that they were private homes that were made open to the public. They were not known as hotels at the beginning; rather they were called “Inns” and later known as “taverns”. It is also good to point out that important developments in commercial accommodation or hotels took place in different periods of time.

In the middle Ages, the Greeks were the first to build small resting places in villages for visitors. Later on, the Romans took the idea a step forward by building mansions for the same purpose. Despite this achievement, meals were not offered in these accommodations during those times. The fifteenth century marked the beginning of the hotel as an industry; laws were made by countries to regulate the activities in the industry, particularly in France and England. During those time periods, the industry flourished due to the fact that more people are travelling for religious pilgrimage and other purposes. However, the boom in the INN businesses was short-lived as soon as the railway was invented: the travelling time reduced and travelers did not have the need to stay overnight in INNs. The name INN was subsequently changed to taverns and it instantly became a meeting place for people to have food and entertainment (Sheela 2002).

The industrial revolution which begins in the 1760s was one of the major facilitators for building of hotels throughout Europe. This also influenced the hotel industry in America and other parts

of the world. At this time, hotels can be seen in every major city and town. An example is the City Hotel which was the first publicly held hotel in New York, opened in 1792. The nineteenth century marked a new era in the hotel industry. This was the time when the industry recorded great prosperity which concomitantly gave opportunities for many entrepreneurs to invest in the sector. Many famous hotel chains in the world such as Radisson Hotel and Hilton Hotel were established at this period (Cooper et al. 2008)

### **The Hotel industry in Ethiopia**

History has proved that, the development of hotel industry is connected with traveling. Similarly the development of hotels in Ethiopia is also connected with the increasing number of travelers both indigenous and foreigners.

Development in Ethiopia's foreign relations, particularly during the reign of Menilik II had, relatively speaking an impressive impact on the country by implanting the seeds of modernization through the importation of European technology and institutions among which "Hotel" is one subject. Therefore, its appearance is related with opening of the society in to the western world.

Modern hotels in Ethiopia traces back to the 19th century, ItegueTaituhotelwhich was built in 1898 E.C in the middle of the city (piazza), is the first modern hotel in Ethiopia which was named after an Ethiopian empress and the wife of emperor Menilik II, established this hotel to provide guests a place to rest and dine.

The next generations of Hotels were opened during the five years Italian occupation and were called "ALBERGO". The third generation Hotels were built during the establishments of AU and ECA. Then came the 1974 revolution where all private Hotels were nationalized and consequently operated by the Government, except the Hilton Hotel which was managed independently. Finally, the current period which started in 1991 with the principles of free market economy led to the establishment of independent and chain Hotels (Gobena&Gudeta, 2013), From this time up to the Derg regime, our country had owned for about 50 hotels at national level and out of these only 19 hotels were star rated hotels according the report of Ethiopian tourism commission in 1994.



Currently, with the emergence of new and modern hotels in the country, the number has grown considerably and there were 525 hotels from basic level to star category. And out of this 140 hotels are found in Addis Ababa, according to ministry of culture and tourism (2014). And out of 140 hotels 32 hotels are four stars rated hotels.

Ethiopia is strategically located in the Horn of Africa and therefore, many international meetings and conferences are held in the capital. This creates a huge demand for accommodation at an international standard and even an increase in such a demand is expected in the future because the importance of Ethiopia in Africa has been growing and as a result, many international organizations have been continuously strengthening their institutions and augmenting their personnel in Ethiopia (Gobena&Gudeta, 2013). According to a study conducted by the Embassy of Japan in Ethiopia (2008), the presences of a number of international organizations in Addis Ababa such as the African Union (AU) and the Economic Commission for Africa (ECA) have even more increased the demand for hotels. A relative increase of investment is recently observed in the hotel & tourism sector. The hotel industry consists of many different services, including accommodation, restaurants, cafes and catering. The market for the hotel industry, especially classified hotels in a developing country like Ethiopia, is closely linked to the tourism industry, because a majority of consumers for the sector services come from international tourists. The capital city, being a business centre and a conference venue, is host to annual conferences for UN branches, pan-African business organizations and special interest groups that have been attracting a growing number of delegates to the country each year. Conference tourism has great potential to grow and is poised to gain greater significance due to the development of several top hotels in Addis Ababa to meet the demand (Gobena&Gudeta, 2013). In the face of increasing demand this study mainly focus on the assessment of marketing strategy to enhance the industry.

## **2.2 The Unique Concept of Hotels**

The hospitality industry has a large variety of hotels where most of them have different definitions and descriptions of their image. We would like to present some definitions of different unique concepts within the hotel industry. SuguawandEnz (1999) state that there is an increasing number of hotels using residential or home-like design to accomplish that task. Then we ask ourselves: what is home-like? Do we all have the same home? Or as the photographer

and writer Ypma, 2000 states in his book; “Hip hotels – Escape”: “there is a need to escape to get away from it all, the necessary flip side of modern existence”. These are some of the reasons why we believe there is a need of unique concepts within the hospitality industry, and also why there are so many definitions and descriptions. The most important factor is not which concept the hotel has but the uniqueness that gives the customer a memorable stay.

Experiences that create a memorable stay can ensure the guests will spend more time in the hotel and frequent it more often (Pine and Gilmore, 2002). Brown (2002) argues that hotels need to develop a strong brand to create a loyal customer, because in the end the winning brand is the one the customers prefer.

Different unique concept hotels can be divided into specific groups. There is a thin line between these groups, and the difference is sometimes hard to distinguish. A themed hotel can be designed as well, just as a designed hotel can be a lifestyle hotel. Below we will discuss some definitions of unique concepts within the hotel industry.

Below we have gathered a list of variables which we believe are differentiation variables of a unique concept hotel. We have decided to look into only these variables in order to measure the most important characteristics of each hotel.

We base the variables on secondary data found on websites and theories of how a hotel characterizes its amenities and type or style. The data for each hotel is in accordance with how they express themselves on their websites and in brochures.

## **2.3 Types of Hotel**

The hotel provides home away from home to millions of travelers and tourists. The purpose of their visit is different, so is their need and expectation of services rendered by the hotel. Hotels can be classified based on the room charges, facilities available, length of stays of guests, location of the hotel, ownership and management and many more. Some of the most famous classifications will be explained below.

### **2.3.1 Residential Hotel**

The residential hotels are apartment houses which are usually located in big cities and provide hotel services to guests who stay on a long term basis. It is also possible for guests to stay at residential hotels for a shorter period of time.

### **2.3.2 Transit Hotels**

Transit hotels are located close to airports and motor-ways, they cater for guests who are on transit and need a temporary place to stay for a shorter period of time which may vary from one hour to few days. A distinctive characteristic of transit hotels is their design which mainly focuses on providing comfort and convenience.

### **2.3.3 Resort Hotels**

The resort hotels are located in special places close to scenic beauty such as lakes, mountains, seas and beaches. Since the emphasis of a resort hotel is usually on relaxation, it is not uncommon to find recreational amenities such as golf course, swimming pool, skiing, tennis courts and some other indoor sport facilities in the hotel. The main target group for this type of hotels are people with income that is above average who are looking for a place to relax and stay away from their daily routine. Resort hotels are mostly seasonal establishments. However, in the recently, the trends have changed a little and some resort hotels are operating throughout the year. Resort hotels can also be sub-divided into summer resorts, winter resorts, health resorts, all season resorts, and hill resorts. (Raju 2009).

### **2.3.4 Heritage Hotels**

Heritage hotels are old properties of aristocratic and royal families which are renovated to provide special experience to tourists. This type of hotels give guests special treatment like nobles. Heritage hotels are not as common as the commercial or residential hotels.

### **2.3.5 Commercial Hotels**

Commercial hotels as the name suggests are usually located in city center and draw their guests from everywhere. The hotel's main focus is usually on the busy commercial center and they provide services such as business center facilities and parking space. The idea of the hotel being in the city centers may cause someone to think that the hotels' customers are only business

travelers. However, the numbers of leisure travelers lodging in the hotel is increasing yearly. Moreover, the commercial hotels even have guests who lodge in the hotel on a permanent bases. (Kumar & Narayan 2008).

## **2.4 Classification of Hotels**

According to Gee (1994) hotel classification is “the assignment of hotels to a categorical rating according to the type of property, facilities, and amenities offered”. The classification system was brought into the hotel industry at a time when it was only a few establishments that strived to provide safe and reliable lodging and food to travelers. The system was initially developed as a regulatory framework which ensured customers protection. In the recent years, the focus of the classification system has changed a little bit from protecting to in-forming the customers. Additionally, the system is now being used to market the hotel establishment and also to standardize the industry by various local, state and national governments. (Brody 2009).

Due to the heterogeneity of the hotel industry, it is difficult to have a unified classification system, as different classification exists in different countries. Among the most popular and well respected trademark classification systems in the global hotel and travelling industry are the stars and the diamond rating systems.

### **2.4.1 Diamond Rating System**

The American Automobile Association (AAA) was among the first authorities to approve designations for hotels and restaurants. The criteria for its rating is based on a combination of the overall quality, the range of facilities available as well as the level of services offered by the hotel. Additionally, the rating also represents the type of experience which the travelers should expect from the hotel unit. AAA ratings range from 1 to 5 diamonds of which each of the diamonds has its unique or distinctive characteristics.

Hotels with one diamond rating are the ones that provides essential accommodation service with no-frills, they usually meet up with basic comfort, cleanliness and hospitality and they usually appeal to budget minded travelers. In a two diamond hotel, the customers can expect affordable rooms where physical attributes, design and amenities have been enhanced as compared to one diamond hotel. Meanwhile, a three diamond hotel is somewhere between providing basic

amenities to providing luxury. It usually has multifaceted accommodations with distinguished style, physical attributes, amenities and guest comfort. In a four diamond hotel, the customer can expect to see refined and stylish rooms with upscale physical attributes that reflect enhanced quality throughout. One of the distinctive characteristics between a four diamond hotel and the other lower diamonds is that properties designated with the four diamonds often have extensive amenities with a high degree of hospitality and services. The five diamond hotels have the highest level of luxury with extraordinary physical attributes, meticulous personalized service, extensive amenities and impeccable standards of excellence (AAA 2015.)

### **2.4.2 Star Rating System**

The star rating system is everywhere across the globe, most travelers and hotel guests prefer making inquiries about hotels in relation to their stars despite the fact that the criteria for the star rating of hotels varies from one country to another. Star rating is useful in hotel industry for many reasons; at the national level it provides the customers the opportunity of finding a hotel that really conforms to their desired standard. Additionally, hotel management also benefit from the rating because it helps to improve the quality of the product being offered to the guests. (Brody 2009).

Just like the diamond ratings, each of the stars has its distinctive characteristics According to Ministry of Culture and Tourism bureau there are 525 hotels found in Ethiopia. The primary difference between star hotels are:

#### **No Category Hotels:**

These hotels include motels, cottages, bungalows and others with limited services. However, these hotels represent 73% of the total hotel in Ethiopia.

#### **One Star Hotel:**

Low budget hotels; inexpensive; may not have maid service or room service, this hotels contribute to 4.19% of the total hotel in Ethiopia, customers can expect a small hotel which is often operated by the owner with a personal atmosphere and basic accommodation services which do not include restaurant service but it is usually within a walking distance. One star hotels are usually located near public transportation and major intersections.

**Two Star Hotel:**

Budget hotels; slightly more expensive; usually has maid service daily, this hotels contribute to 5.7% of the total hotel in Ethiopia whereas, a two star hotel is often part of a hotel chain that offers consistent quality and limited amenities. A Customer can expect a small or medium room size which is furnished with phone and TV. Although a two star hotel may not have the convenience of room service, customers can still expect a small restaurant onsite.

**Three Star Hotel:**

Middle class hotels; moderately priced; has daily maid service, room service, and may have drycleaning and internet access, this hotels contribute to 9.9% of the total hotel in Ethiopia in which they are mostly located near a major expressway, business center and/or shop-ping area. They offer nice, spacious rooms and decorative lobbies. On-site restaurants may be average in size but will offer breakfast, lunch and dinner. Valet and room service, a small fitness center and a pool are often available in this category of hotels.

On the other hand, in a four star hotel, the customer can expect a formal, large hotel, with top-notch service. It is not uncommon to see a four star hotel located in places where there are other hotels of the same caliber clustered nearby. Four stars hotels are strategically located close to shopping malls and places full of entertainment. At the same time, the customers can expect beautifully furnished rooms, restaurants, valet parking, fitness center, and concierge and service room service which is above average, furthermore Four Star Hotel"s expectations at this level include a degree of luxury as well as quality in the furnishings, decor and equipment, in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels, and well designed, coordinated furnishings and decor. The en-suite bathrooms will have both bath and fixed shower. There will be a high enough ratio of qualified staff to guests to provide services like porter age, 24-hour room service, laundry and dry-cleaning. The restaurant will demonstrate a high level of technical skill, producing dishes to the highest international standards; this hotel contributes to 6% of the total hotel in Ethiopia.

In a five star hotel customers can expect a luxurious hotel offering the highest degree of personal service with so much elegance and style rooms equipped with quality linens, VCR, CD

stereo, Jacuzzi tub and in-room video. There can also be multiple restaurants on site with extensive, gourmet menus, and room-service which is available 24/7. Additionally, customers can also expect a fitness center; valet parking and concierge service (Enlighten me 2014.) The five-star ratings used to be the highest in the hotel ratings system. However, in the recent years, there has been emergence of the first six-star hotel built in Dubai, United Arab Emirates and some other countries claimed to have seven-star hotels. Due to the controversy regarding the criteria for a six or seven stars hotel, the researcher will like to adopt the five stars as the highest rating of the hotel in this research work.

### **Marketing orientations**

- Marketing is the human activity directed at satisfying human needs and wants through an exchange process, almost every marketing textbook has a different definition of the term “marketing.” The better definitions are focused upon customer orientation and satisfaction of customer needs; The American Marketing Association (AMA) uses the following: “The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.”

### **Marketing Orientation**

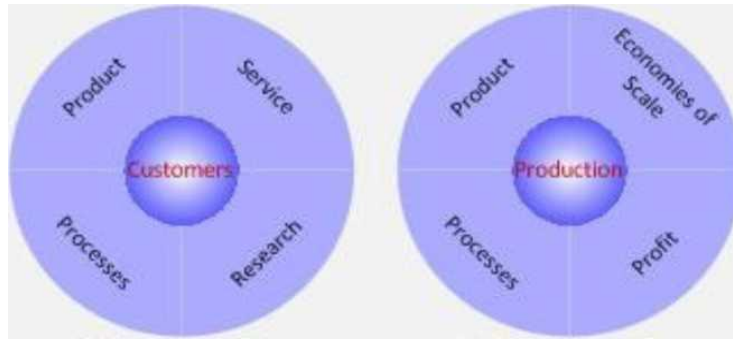
- Focuses on the identification of customers’ needs, organizational resources and objectives to Achieve effective match through market segmentation, targeting, positioning and resource development.

Hence marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs and wants.

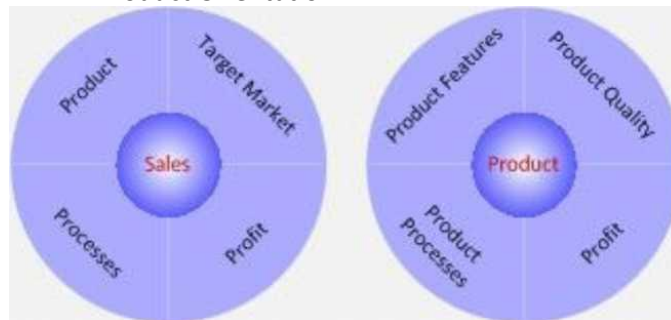
Marketing management processMarketing has been viewed as an ongoing or dynamic process involving a set of interacting activities dealing with a market offering by producers to consumers.

- Hence, marketing is a matching process by which a producer provides a marketing mix to meet a consumer demand.
- production, product, sales and marketing orientations. These are explained below:

- Market Orientation      Production Orientation



- Sales Orientation      Product Orientation



GRAPH 1: Marketing Orientation

- (Adapted from <http://www.learnmarketing.net/orientations.htm>)

This process should implement models to meet customers demand

- A simple model of the marketing process:
- Understand the marketplace and customer needs and wants.
- Design a customer-driven marketing strategy.
- Construct an integrated marketing program that delivers superior value.
- Build profitable relationships and create customer delight.
- Capture value from customers to create profits and customer quality.

Analysis/Audit - where are we now?

- **Objectives** - where do we want to be?
- **Strategies** - which way is best?
- **Tactics** - how do we get there?
- **Implementation** - Getting there&Control - Ensuring arrival



So how do you define Market(ing) Orientation?

Market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it (Kohli and Jaworski, 1990).

The concept of marketing orientations often comes up during the process of determining whom priority should be given to when a company makes decisions. Market environment changes over time. Nowadays, most companies consider the customers as the most important factor to which all marketing should be orientated. There are basically many models of marketing orientations. Among the most popular ones are the production, product, sales and marketing orientations.

Under this type of orientation, mass production is the key. Companies that adopt this type of marketing philosophy believe that if products are produced on a large scale, costs can be reduced while a profit is maximized in return irrespective of demand for the product. In the hotel industry, hotel units that practice this type of orientation believe in having large buildings with many rooms and try to minimize the running costs of the hotel by employing fewer workers, reducing overall costs and the fixed costs of the operation are usually the goal. This was very common in the early 1990. A product oriented company focuses on making a high quality product with functional features which make it superior to that of the competitors, without making relevant market re-search to know what the customers need. The company that uses this approach believes that a superior product will automatically sell itself in the market. Applying this philosophy into hotel industry, the goal is to have facilities that go beyond regular to luxurious facilities with the hope that guests will automatically embrace the hotel product since it is superior to the ones provided by the rivals. The shortfall of using this approach is that the outcome of it is not guaranteed since it is not known whether or not the guests wanted the product.

A sales orientated company makes products without much research whether or not the product is needed in the market place. This marketing orientation is built around the philosophy that customers will not buy a product or service unless they are persuaded to buy. Companies that use this approach spend a lot of money on advertising and promotion. The goal is to make sure that

they sell their product irrespective of what the customer or the market really needs. A sales orientated company believe that an aggressive sales method is the key to success in business.

A marketing orientated company focuses all its business activities on satisfying the customers' needs. A company that adopts this approach usually considers the customer the king and its primary goal is to deliver value to its customer. To achieve this, the company spends a lot of time and researches how to meet the needs and expectations of the customers. The customers are the center focus during product development as well as when implementing the company's marketing strategies. The application of market research on a continuous basis gives companies of this type a marketing edge in understanding the needs of the customer. Moreover, they are able to establish a positive relationship with the customers and get feed-back concerning the customers' satisfaction with the product. This helps in improving and inventing new products as the market changes.

## **2.5 Segmentation of the Hotel Market**

The hotel industry is one of the most diverse and dynamic industries in the world. In order to understand the customers, it is necessary to divide the whole market into subsets.

“Market segmentation is the process of dividing the total perceived market into subsets, of which each of the potential customers have characteristics in common, which lead to similar demand needs for a product or service”(Cooper et al. 2008). Since the main reason behind marketing is to find a way of satisfying customers' need in a new or better way, dividing the market into different segments will allow the hotel to focus on the segment that provides the best opportunity for its product and services. Successful hotels recognize that the taste and preferences, needs, lifestyles, family size and composition of guests differs from one another and are able to follow a policy which increases market demand for their products by focusing their marketing efforts at a sub-group of customers. Sometimes the hotel might need to choose more than one segment to concentrate on. For example, the needs of a family to book a hotel room is different from that of a business person who comes to the city for business purposes. In the case of a business person the hotel will need to ensure that there are phone services, internet connection for the guest. Creating a niche within market segmentation helps the hotel to have focus on the market segment

and be able to fully deliver the benefit of the product to the customer. (Morrison, Rimmington & Williams 1999).

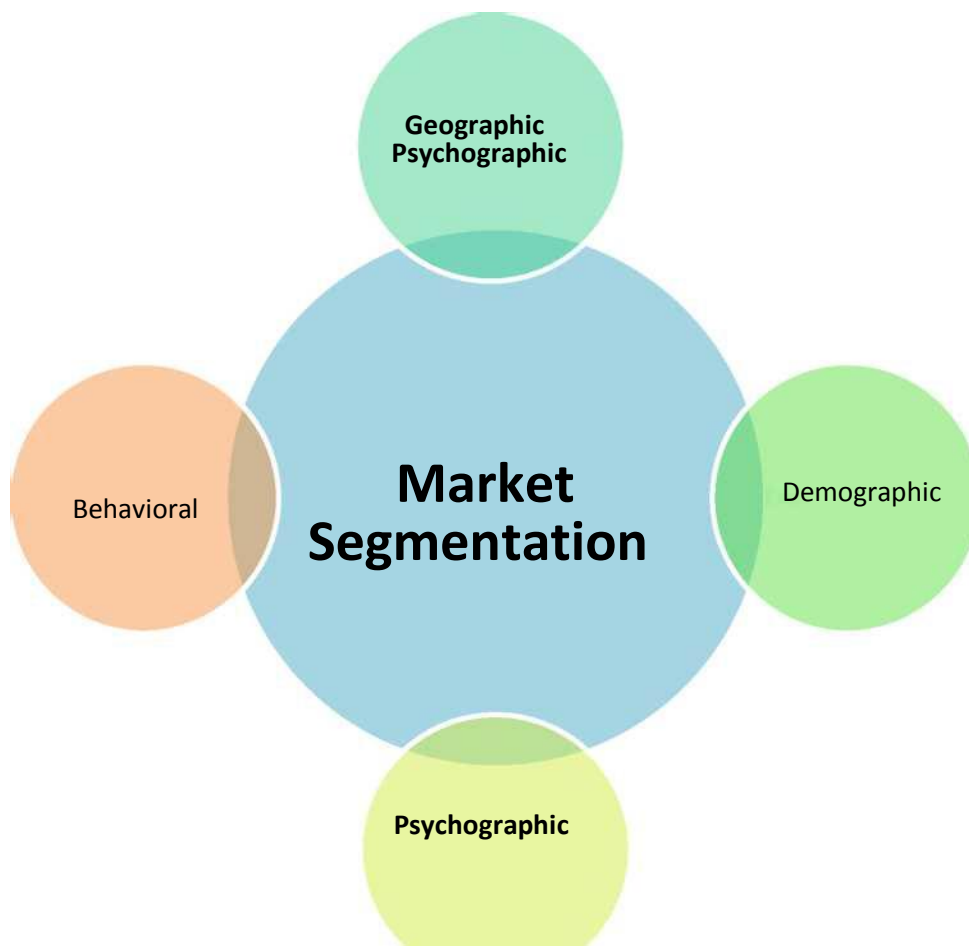
If the aim of marketing is to influence demand, then knowing more about the current customers as well as prospective customers will be the key to effective marketing campaigns. To put it in other words, the more a company knows about its core customer the better it will be able to create value that meets their needs and also put into use marketing efforts that are needed to influence the purchasing decisions of such customers. (Middleton et al. 2007).

The importance of market segmentation cannot be overemphasized. It helps the hotel to divide the total market and identify the needs of the sub-group. Segmentation is the first step taken when engaging in a marketing process that involves developing products that meet the need of the customers. When a product meets the customers' needs and expectation, they will usually come back for more and more. This will definitely result in a good relationship between the hotel and its customers. Moreover, it is necessary to divide the market into different groups and subgroups when setting the market objectives. Having a deep knowledge about the target customer for the company's product helps in planning, setting the budget and controlling the marketing activities. (Middleton et al. 2007). There are different views surrounding the concept of market segmentation, some marketers believe that the variations in strategy and tact from one segment to another will cause the market behavior and response to change. Others think that a company should only make marketing policies and techniques for each of the segments which the company decides to focus on. Whichever view one has about the subject of segmentation in the hotel industry, the ultimate goal remains the same; combining various hotel services and market appeal to fully satisfy the need of the guest in the best possible way. (Jha, 2010).

As already noted above, there are various techniques that can be used in segmenting the market. One of the leading authorities in marketing, Kotler, identifies four bases for the segmentation of the consumer market. These include; geographical, demographic, psycho-graphic and behavioral segmentation.

### 2.5.1 Market Segmentation

According to Kotler, the demographic segmentation which includes variables such as the age, gender, education, occupation, income, ethnicity, nationality, race, and religion of the customers is one of the common ways of dividing the targeted market because it is closely associated with customers' wants and needs and it can be easily measured. (Kotler et al. 2009).



GRAPH 2: Market Segmentation

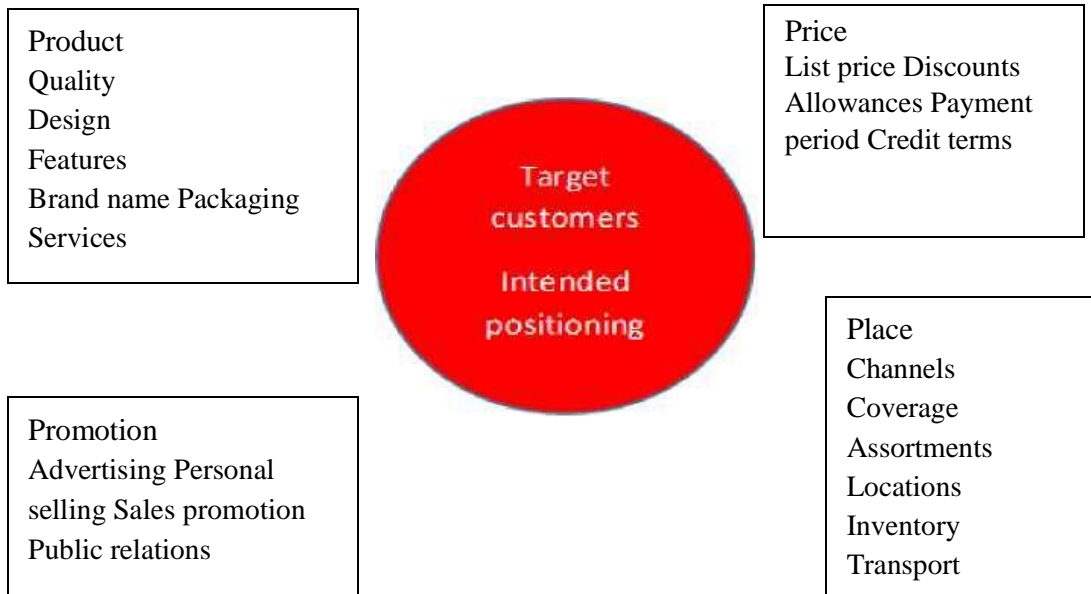
(Adapted from: <http://biznology.com/2014/03/jump-start-your-content-marketing-through-better-market-segmentation/>)

According to Kotler, the demographic segmentation which includes variables such as the Psychographic segmentation focuses on measuring a guest's mental attitudes and psychological make-up. In other words, psychographic segmentation uses psychological attributes to determine the behavior pattern of the customer. Many marketers use this to learn more about the customers' lifestyle and attitudes. The rationale behind the division of customers into this segment is the belief that customers with common values tend to have similar purchasing patterns. A hotel can obtain psychographic information by using surveys and questionnaires to ask questions about the target market's interest and opinion on some particular activities. Sometimes it may be necessary to draw up multiple questions and the customers can be requested to make ratings. Nowadays, the task has been made easier with the development of many computer software programs which help in accessing the result of the questionnaire and categorizing the customers based on their response to the survey. (Middleton et al. 2007; Kotler et al. 2009). A lot of marketers have suggested three major variables that can be used in developing psychographic profiles; the activities, interests and opinions of the customers.

Another way of segmenting the hotel market is by considering the geography when grouping the customers. The group can be divided based on the customers' countries, states, regions, municipalities or cities. The company can then focus its operations on one or more units within the segmentation. A company can also use mapping software to show the geographical location of its customer. There are various approaches to using geographical segmentation in analyzing the target market. Some approaches combine geographical segmentation with demographic segmentation in order to have a better description and understanding of the customers. (Kotler et al. 2009).

Marketers use behavioral segmentation to divide the market based on the customers' pattern of behavior. Behavioral segmentation is usually based on the benefit the customers seek to get from using a product, how they use a product, spending pattern, and their loyalty to a certain brand. In the hotel industry, it can be based on the frequency at which a guest travels or uses hotel services. For instance, a business traveler may use hotel rooms and services for fifteen times or more in a year whereas a leisure traveler or tourist may only travel once or twice in a year. Knowing the behavioral variable may be helpful to the hotel in planning their services to enhance the experience customers get from lodging with them. (Middleton et al. 2007).

Having discussed what market segmentation is within the hotel industry, one may tend to argue about its usefulness in the hotel industry. A simple answer to this is that the process of segmentation makes the hotel work easier. The task of knowing what the targeted customer wants or expects from the hotel is simplified by market segmentation because it allows hotel management to design sensitive marketing which is flexible enough to accommodate the changes in the market environment. Furthermore, it is difficult to have two guests that have exactly the nature and character, however, it is still possible to find some similarities among them concerning their needs or expectations of hotel services. The concept of market segmentation allows the hotel to identify customers with similar needs and make effective business decisions. (Jha 2010).



GRAPH 3. The Four P's of the marketing mix  
 (Adapted from: <http://business-fundas.com/2011/the-4-ps-of-marketing-the-marketing-mix->

## **2.6 Market Positioning of Hotel Services**

Marketing of hotel services cannot be discussed without mentioning market positioning. According to Kotler “positioning is the act of designing the company’s offerings and image to occupy a distinctive place in the mind of the target market”. The rationale of positioning hotel services is to create a brand in the minds of the customers so that the company can maximize the benefit it’s derived from the customers. Positioning a product in the mind of the customers also helps the hotel in differentiating its product and services from that of its competitors. Much of the emphasis of position is based on what the guest will receive or benefit by lodging in the hotel or using its services. Of course, the ultimate goal of positioning is to have a win-win situation whereby both hotel service provider and the guests can benefit from the transaction. In order to achieve effective and efficient positioning, it is a prerequisite that the hotel is able to identify the target market, its competitors and the ideal points-of-parity and points-of-difference brand association. (Kotler et al. 2009). Once the hotel’s product and services have been positioned in the right place within the mind of the target customers, the hotel can make the right investment in utilizing its resources and skills in the market place. That is, the right product or service is placed on the market at a cost effective price (Kotler et al. 2009).

## **2.7 Hotel Marketing Mix**

Marketing mix refers to a combination of a number of elements which is made into a work-able program to make a whole. It comprises of various factors that influences marketing efforts. The primary marketing mix includes the four P’s of marketing (product, price, place, promotion). Three additional P’s (people, physical evidence, process) were later added to the initial 4 P’s to form the extended marketing P’s. The researcher will stick to the 4P’s of marketing because they were the ones that are widely used and accepted by marketing professionals.

## **2.8 Marketing and the Marketing Mix Models**

Marketing is “communicating to and giving target market customers what they want, when they want it, where they want it and at a price they are willing and able to pay” (Shaw and Morris, 2000). Marketing should focus on customers. Despite marketing costs being a major expense for

businesses, marketing enhances business performance and benefits the economy as a whole (Hult, Pride and Ferrel, 2012).

The marketing mix, first proposed by Borden in 1965 and derived from the concept of managers mixing ingredients when targeting customers, (Shaw and Jones, 2005) is a tool on which marketing plans are based. It was created for production companies and developed countries though it has been used in developing countries despite the different operating, economical, technological, socio-cultural and political environments. But various scholars have contributed to the evolution of the framework since its inception. The original marketing mix had twelve elements which included “product planning, pricing, branding, place, personal selling, promotions, advertising, packaging, display, servicing, physical handling and fact finding and analysis” (Goi, 2009). The most studied mix, popularly referred to as the 4 P’s, however has four elements which were extracted from the twelve elements. These four elements are the product, price, promotion and distribution (Vignali, 2001).

The framework calls upon marketers to decide on the product and its price, distribution and promotion. Zineldin and Philipson (2007) asserted that the 4 P’s can be used to meet the needs of the customer and obtain competitive advantages.



Graph 4. Overall Marketing Strategy

(Adapted from: Jha 2010, 264)



Due to the criticism that the four-p framework has received and because of the need to increase organizational competitiveness (Goi, 2009), the model has been modified in order to create the 7 P's. The 7 P's attempts to exhaustively address all elements of the services marketing mix. Its elements are the product, price, promotion, place, process, physical evidence and people (Rafiq and Ahmed, 1995). It has been advocated as being a "more standardized, comprehensive, detailed and refined model with a broader perspective than the four-p framework, since it clearly takes into account people and processes" (Rafiq and Ahmed as cited by Goi, 2009). This is despite it being more complicated than the four-P's.

Gummesson (1994) also mentioned Baumgartner (1981) who posited the 15 P's concept which included the product, service, price, promotion, place, people, politics, public relations (PR), probe, partition, prioritize, position, profit, plan and performance and positive implementations. But Bowie and Buttle (2004) and Shaw and Morris (2000) proposed a marketing mix for the hospitality industry whose elements included the product/service, location, presentation, pricing, distribution, process, people, physical environment and marketing communication.

### **2.8.1 Competitiveness**

Competitiveness refers to one's position relative to competitors (Stoner, Freeman and Gilbert, 1995). Studies conducted outside the hospitality industry, for example Feurer and Chaharbaghi (1994) have however asserted that:

Competitiveness means different things to different organizations. Some organizations view competitiveness as the ability to persuade customers to choose their offerings over alternatives while others view competitiveness as the ability to improve continuously process capabilities. Competitiveness is relative and not absolute. It depends on shareholder and customer values, financial strength which determines the ability to act and react within the competitive environment and the potential of people Njeri et al. 119 and technology in implementing the necessary strategic changes. Competitiveness can only be sustained if an appropriate balance is maintained between these forces which can be of a conflicting nature.

The term competitiveness is also used to denote "the ability to persuade customers to choose their offerings over alternatives" (Feurer, 1994). Olmos (2012) clarified that competitiveness was about getting competitive advantages and resultant competitive positions. Every firm

nevertheless strives to achieve competitive advantages (Mathews, 2000). Dube and Renaghah(1999), as quoted by Petzer, Steyn and Mostert(2008) referred to this competitive advantage as “the value an organization is able to create to differentiate itself from its competitors” on this note (in addition) Singh, Garg and Deshmukh (2010) highlighted non industry specific strategies for firm’s competitiveness which includes cost reduction, quality improvement, competencies development, organization culture, information technology (IT) applications, supplier development, customer satisfaction, total production maintenance and development of human resources. Smith (1995) equally noted that excellent companies achieve world-class competitiveness by focusing and responding to customers’ needs. Prior studies conducted in the hotel industry such as Tsai, Song and Wong (2008) and Olmos (2012) likewise acknowledged sales and marketing as critical tools for the competitiveness. This is because a large percentage of the hotel’s budget could be attributed to marketing expenses predominantly via popular marketing efforts such as branding (Olmos, 2012). But, Kotler (1967) as quoted by Shaw and Jones (2005) already contended that an effective marketing mix contributes to increased sales and market shares hence the proposal also tries to conceptually relate to measuring marketing productivity as excellently put by;

Rust, Ambler, Carpenter, Kumar and Srivastava (2004) developed the “chain of marketing productivity” assessing the effectiveness of marketing efforts. This chain outlines the trickling effect of marketing on business performance. It has been endorsed as being among the best tools for measuring and managing marketing performance by authors such as Gronholdt and Martensen (2006), Wierenga (2008) and Mone, Pop and Racolta-paina (2013). The chain starts by highlighting the impact of firm and marketing decisions and activities like strategies and tactics on the customer. These generate satisfaction and influence attitudes such as brand image and awareness. Customer impact consequently affects the market where emotions such as satisfaction and experiences increase market share and sales. Market impact subsequently influences the financial performance and position of the firm in terms of ROI, profits and cash flow, which ultimately has an impact on its value including share prices and earnings. Gronholdt and Martensen(2006).

## **CHAPTER THREE: METHODOLOGY OF THE STUDY**

These chapters deal with the research design and methodology that has been used to achieve the objectives of the paper. Research approach and design, population of the study, sampling design and sampling techniques, source and instruments of data collection, procedure of data collection and method of data analysis are discussed below. The validity and reliability test of the paper and ethical considerations are also addressed in this chapter.

### **3.1 Research Design and Approach**

The researcher has followed both the descriptive and causal research designs. Descriptive research design has been employed for describing the characteristics of the study population. In order to assess marketing strategies of hotels in Addis Ababa, Ethiopia, the researcher follows quantitative methods to carry out the research, since the researcher has assessed the marketing strategies that are employed to enhance the hotel industry in Addis Ababa. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. It is often regarded as being purely scientific, justifiable, precise and based on facts often reflected in exact figures (Jonker&Pennink, 2010).

It also placed heavy emphasis on using formalized standard questions and predetermined response options in questionnaires or surveys administered to large numbers of respondents. The main goal of quantitative research is to provide specific facts decision makers can use to (1) make accurate predictions about relationships between market factors and behaviors, (2) gain meaningful insights into those relationships, and (3) verify or validate the existing relationships (Hair, Bush &Ortinau's, 2003). Thus Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics (Geoffrey, David D. & David F., 2005).

### **3.2 Study Population**

The study has focused on different star hotels in Addis Ababa, Ethiopia. It has postulate that most of them are either in the growth or mature stage of the tourist product life-cycle and

therefore has structure marketing activities. Their managers and employees will be consequently the best sources of information on the most competitive marketing strategies and tactics for hotels in the country. This is because marketing is the responsibility of all employees.

Furthermore, front line employees are always in direct contact with guests and are therefore in a better position to inform on their decisions and so are managers who develop strategies. For this reason, the study will involve as practical as possible employees and managers in the hotel industry currently available including the directors, general managers, assistant general managers, resident managers, operations managers, business development managers, public relations managers, guest relation and services managers, marketing executives, sales managers, marketing managers, communications managers, departmental heads and supervisors who felt that they will be valuable and knowledgeable to inform enough to participate in the study.

### **3.3 Sampling Technique**

The Creative research systems formula (Creative research systems, 2013) will be used to calculate employees and managers' sample size. This formula have proved adequate when used by Fwaya, Odhuno, Kambona and Othuon(2012) in sampling employees and managers when developing a performance measurement model for hotels. The actual sample size from the calculation have been distributed to different hotels. Purposive sampling has been subsequently used to select at least in total participants who have filled in self-administered questionnairesthe ones that hadcooperated to the needs of the research has been used as a sample.

#### **3.3.1 Research Instrument**

The questionnaire have included the employeesfirsthand experience, managers' perceptions of their hotels' marketing strategies. The items had been the; "quality of rooms and meals, nutritional content of menu items, variety of menu, food safety, cleanliness of restaurants and rooms, room amenities, business hours of operation of restaurants, room services, benefits given to guests, prices, value ofmeals and stay, service speed, level of automation ofprocesses, the reliability, knowledge, skills and courtesy of staff, parking, accessibility, location, security, appearance of staff and the hotel's exterior, crowding, other customers, layout and decor and atmosphere".

Promotion will be represented by experiential marketing, relationship marketing, advertisement, internet marketing, corporate social responsibility, personal selling and public relations. The managers had to indicate the extent to which their marketing strategies addressed these factors on a scale of 1 to 7 (1=to no extent at all, 7=to a very large extent).

### **3.4 Method of Data Collection**

The data for this research have been obtained through the qualitative research method, there has been in depth interview of managers in the hotel industry.

The researcher had look into the Ethiopian market and its hotel product. A list of hotels which full fill the requirements of having a concept as their brand differentiator in order to be part of the group of hotels. These hotels have a well-known uniqueness, and are easily recognized by the public. Another important factor for the study havebeen a representation of every type of hotel the researcher has chosen to mention having a unique type of hotel concept. Most of the hotels do not belong to hotel chains, the researcher has also included some hotels that are privately owned with very personal concepts and others that have recently been bought by hotel chains in order to survive during the last few years. Even though some of these hotels which started as unique concepts are now owned by a bigger organization, they are still managed the same way as when they were private.

#### **3.4.1 Primary Data**

In order to come up with answers to the questions regarding the uniqueness of the hotel concepts as their marketing differentiator, the researcher will need to conduct interviews with primary members of marketing management group. The primary data is based on in-person interviews at the location with managers, owners of the hotel. For those interviews the researcher will attend physically or will use telephone interviews with the respondents. The researcher chooses to record all the interviews in order to go back to find exact comments to express in the results and analysis. The interview will be divided into two parts. With the help of an interview guide the researcher wants to gather the management perspective of both sub aims. Part (1) contains the sub-aim A regarding the description of unique concept hotels. Part (2) contains the sub-aim B regarding the differentiation of unique concept hotels.

The researcher had chosen eight hotels with different unique concepts ,the researcher had used stratified sampling As a result these hotels are not comparable the researcher find it difficult to generalize the results but the has come up with conclusions and reasons to the question of how these hotels are able to compete by using their uniqueness as a differentiator. Internal data kindly furnished by in their web sites, brochures and magazines have been very useful to generalize ideas, but the researcher feel that the actual investigation needs the personal experience and touch we get from the interviews has helped in the major findings of the paper.

A total of 150 respondents composing of 70 marketing management staff, 16 promotors ,30 IT managers,34 customers had answered the researchers questionnaire by using purposive sampling furthermore ,in-depth personal interviews with eight of the hotels marketing managers were conducted .

All five star hotels have been included in these research. These includes Ellie international hotel, Sheraton Hotel, Radisson Blue Hotel, Capital hotel and Marriott hotel. For the four star hotels, the researcher uses sample of five four star hotels these are DebreDamo hotel, Intercontinental hotel, Harmony hotel, Jupiter hotel and Friendship hotel.

### **3.4.2 Secondary Data**

Most of the research have been conducted using secondary data in order to understand and try to explain the structural change the hotel industry is experiencing in many parts of the world. Unique concept hotels are everywhere, and the researcher have taken examples and information from many sources discussing the different classifications these hotels fall into in order to differentiate from what is known as a traditional hotel. Ethiopia is a very small market in comparison with other countries much more experienced in developing these types of hotels. The researcher have also collect data from secondary external sources books, magazines, articles, websites, and academic journals to explain and gather enough information to give a broad perspective introducing the theories and the subject. Therefore the researcher have a secondary data thatsupports the study enabling the researcher to apply and analyze the results.

### **3.5 Methods of Data Analysis**

The research has used both descriptive statistics to analyze the demographic nature and characteristics and inferential statistic to examine marketing strategy used in Hotel Industry Ethiopia. The analyzed data had been presented using tables and figures in which the data acquired from the questionnaires the researcher have prepared and distributed to selected hotels in Addis Ababa ,The data that are gained from the questionnaires has been analyzed and interpreted using statistical package for social science (SPSS) version 20 and SPSS (AMOS) version 20. As a result inferential analyses has been conducted by employing methods thusFrom the inferential statistics multiple regression and correlation will be employed as well as different measurement techniques for model validation. a total of 165 questionnaires were administered and data were collected from Marketing managers, Employs and customers in the hotels for mentioned. From the 165 questionnaires distributed only 150 (74.54%) have been collected and analyzed using the descriptive and inferential statistics.

### **3.6 Validity and Reliability**

#### **Reliability Study**

A reliability test is used to assess consistency in measurement items (Cerri, 2012). Cronbach's alpha is used to measure the internal consistency of the measurement items. Higher Alpha coefficients indicate higher scale reliability. Specifically, Nunnally as cited in Eze et al., 2008 suggests that scales with 0.7 Alpha coefficients and above are considered acceptable.

As shown in table 4.2 Scale Reliability Cronbach Alphas coefficients for product marketing, product quality, avaiiability and accessibility of the hotels ranges from 0.694 to 0.869. The new scale of service quality price and hotel service/product quality aspect developed in this study also demonstrates high internal consistency, with a Cronbach coefficient of 0.724 and 0.857 respectively. And the overall Cronbach alpha coefficient for expected-scale items is 0.772. Therefore, the expected scales used in this study demonstrate high reliability.

## **Validity**

The questionnaire validity has been examined and measured by two methods - experts' validation and pilot study. The questionnaire was evaluated by experts in the field to check contextually and comprehensiveness. In addition, the questionnaire was pilot tested and feedback from respondents was incorporated to the questionnaire. At the end of this process, some minor modifications were introduced to the questions and final questionnaires were distributed accordingly.



## CHAPTER FOUR: RESULTS AND DISCUSSION

This chapter presents the result of descriptive analysis of the study using data gathered from 16 five and four star hotels in Ethiopia, out of which 12 of them are four star hotels and the rest 4 are five star hotels. Moreover, the number of studied respondents was less than that of the total population intended to be incorporated, however also a total of 165 questionnaires were administered and data were collected from Marketing managers, Employes and customers in the hotels for mentioned. From the 165 questionnaires distributed only 150 (74.54%) have been collected and analyzed using the descriptive and inferential statistics.

The descriptive analysis has been done to describe the general characteristics, product marketing strategy, pricing marketing strategy, place and promotion marketing strategy of the hotels in Ethiopia. Finally, the challenges faced by hotels are incorporated.

### 4.1 General Background

#### 4.1.1. Demographic Profiles of the Respondents

In this part, demographic characteristics of the respondents are presented. These characteristics include sex, age, levels of education and year of services of respondents in the hotels.

**Table 4.1.1 sex of the respondents**

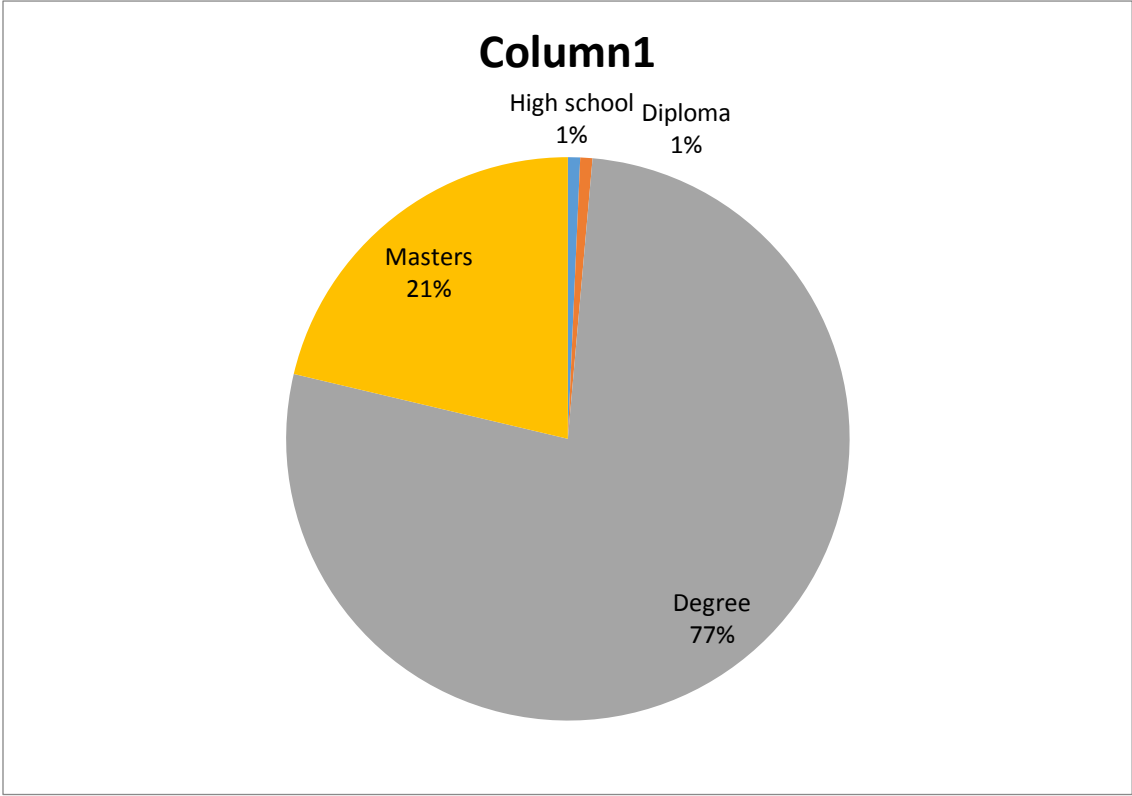
Variables	Category	Frequency	Percentage
Gender	Male	81	52.3
	Female	69	44.5
	Total	150	96.8
Age of respondents	20-30	17	11.0
	31-40	52	33.5
	41-50	64	41.3
	50 or above	17	11.0
	Total	150	100.0

Source: survey data (2018)

As shown on table 4.1.from the 150 respondents 52.3% (81) of them were male and the remaining 44.5% (69) were female. With regard to the age of respondents majority of the

employees were between the ages 41-50 covering 64.3% (41.3). The second largest group is between the ages 31-40 which takes 33.3% (52) of the respondents. The remaining group 11.0% (17) and 11.0% (17) were under the age categories of 41-50 and 50 or above respectively

This implies that the majority of market managers, promoters, IT workers on the departments and workers in the hotels found are in the productive mature age ,this professionals are active, hard working ,flexible, eager to better themselves in their respective field with a capacity to try everything hence which can be a great asset for the hotels.

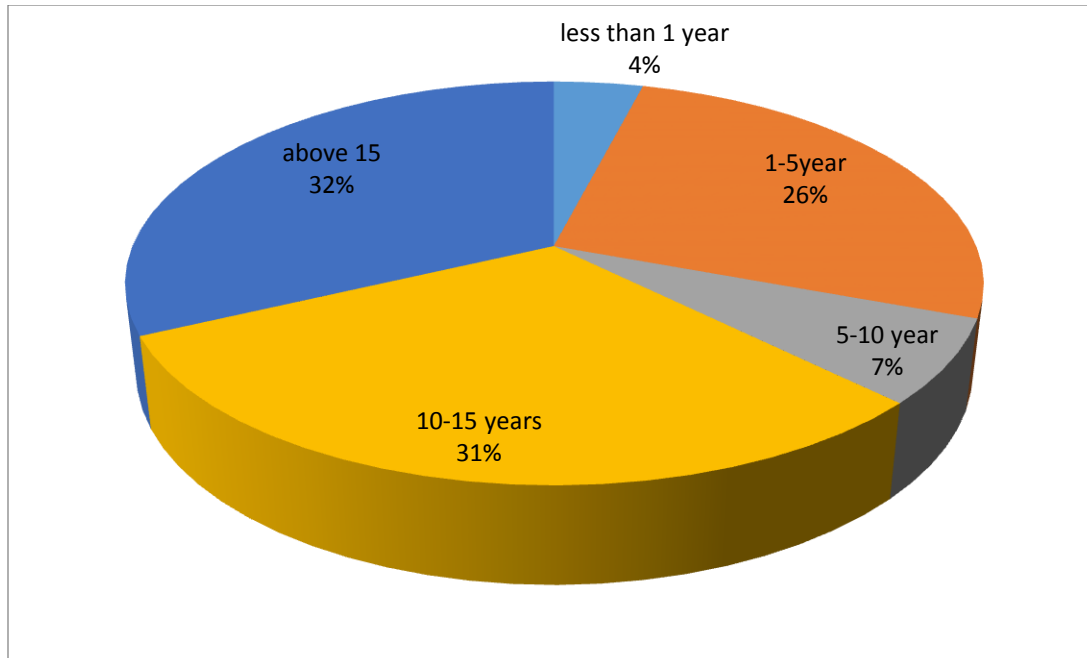


Source: survey data(2018)

Figure 4.1.1 educational level of respondents

The above figure shows the educational level of respondents. Accordingly, 77% of the respondents are degree holders and the remaining 21% and 1% of the respondents are masters and deploma holders and 1%higscool level holders respectively.

Figure 4.1.3years of experience of respondents



The above figure shows experience of respondents.

Accordingly Figure 4.1.3 illustrates the years of experience of respondents. Accordingly, 26% of the respondents have an experience between 1-5 years, followed by 7% that have an experience between 5-10 years, 31% respondents have an experience between 10-15 years, The remaining 32%, of the respondents fall under the category of above 15 years, and 4% have an experience of less than one year.

**Figure 4.1.4** Marital status of respondents

Variables	Category	Frequency	Percentage
Marital status of respondents	Single	72	48.0
	Married	71	47.3
	Divorced	6	4.0
	Widowed	1	.7
	Total	150	100.0
Total		150	100.0

Accordingly Figure 4.1.4 illustrates the marital status of respondents, 48% of the respondents are single, followed by 47.3% are married. And 6% are divorced. The remaining 1%, of the respondents is widowed.

## 4.2 Product Marketing Strategy

Table 4.6 best strategy of advertising the hotel's product

Strategy to advertize hotel product	Four star hotel		Five star hotel		Total
	Frequency	Percentage	Frequency	Percentage	
Media (newspaper, TV, radio)	7	58.3%	3	75%	10
Word of mouth	2	16.7%	---	---	2
Internet	3	25%	1	25%	4
Total	12	100%	4	100%	16

Source: own survey, 2018

As indicated in the above table 4.6 shows that most of the respondents reply the best marketing strategy to advertize the hotel product is the media (newspaper, TV, and radio). When we see the advertising mechanism of the four star hotels, 58.3% of the respondents reply the media is the best advertising to promote the hotel product, 25% of the respondents reply that the internet is the second mechanism next to the media and the rest 16.7 of them reply that word of mouth is also a mechanism.

When we see the case of the five star hotels, 75% of the respondents reply that media is the best marketing strategy to advertize the hotel product, the rest 25% of the respondents reply that internet is also the best strategy to advertize the hotel product.

As we can see from the above table, media and internet are the most used mechanisms to advertize the hotel products. Hotel industry can use social media and internet to engage customers and clients in dialogue and recognize their needs. Through these networking sites, hotel industry can interact with consumers before, during, and after the vacation experience. Social media and internet are relatively new and the advantages are abundance such as it is affordable, it is viral and has the potential to spread brand awareness quickly and far and it is said to be able to develop link baits, attention and massive amounts of traffic (Samaan A and Abdullah A, 2016).

Table 4.7 Product quality, availability and accessibility of the hotels

Choice	Product quality of the hotels		Product availability and accessibility of the hotels		Total
	Frequency	Percentage	Frequency	Percentage	
Very poor	----	----	---	---	--
Poor	----	----	---	---	--
Medium	----	----	---	---	--
Good	2	16.7%	---	---	2
Very good	6	50%	---	---	6
Excellent	4	33.3%	4	100%	8
Total	12	100%	4	100%	16

Source: own survey, 2018

As we can see from the above table 4.7, 83.3 % (50% plus 33.3%) of the respondents of the hotel replies that they are a very good condition in the quality of the products of the hotel that serves to the customers. The rest 16.7 % of the respondents reply that the quality of the hotel product is in a good position. This generally replies that to be a four and five star hotel they have to fulfill the standards of the quality of the products and services they are serving for the customers. The key requirements for achieving a Four Star and five star rating, all areas of operation should meet the Four Star requirements for cleanliness, maintenance and hospitality, and for the quality of physical facilities and delivery of services. Once registered, residents should have 24 hour access, facilitated by on-duty staff. Enhanced services offered. All bedrooms with en-suite bathrooms and all with thermostatically controlled showers and WC. Additionally, at least half of these bedrooms should have a bath (Ministry of tourism, 2017).

When we see the second part, all of the respondents reply that the availability and accessibility of the product that they are serving for the customers are in excellent condition. This replies that the availability and accessibility of the hotels product and service and also the product and service quality is a main standard that the hotels have to fulfill in order to get and attract more customers.

### 4.3 Price Marketing Strategy

Table 4.8 Price of the hotel product and service

the price of the hotel's products and services	Four star hotel		Five star hotel		Total
	Frequency	Percentage	Frequency	Percentage	
Very cheap	---	---	---	---	---
Cheap	---	---	---	---	---
Affordable	7	58.3%	---	---	7
Expensive	5	41.7%	3	75%	8
Very Expensive	---	---	1	25%	1
Total	12	100%	4	100%	16

Source: own survey, 2018.

As shown in the above table 4.8, Price affordability of the four star hotels in Addis Ababa achieved occupancy of 58.3% at an average in 2017. We estimate market Addis Ababa has three distinct demand segments, namely the corporate market, aid and diplomatic markets. The rest 41.7% of the respondents reply that the price of the four star hotels is expensive. When we see the five star hotels 75% of the respondents reply that the price of the products and service are very expensive. The 4- and 5-star markets are in turn primarily driven by the aid and diplomatic markets. The city is home to the world's third highest concentration of embassies as well as the African Union headquarters, which collectively generate the majority of the diplomatic market. The various conflicts affecting neighboring countries and its history of donor presence make Addis Ababa one of the largest global bases for NGO's and aid agencies. High GDP growth and increasing corporate entry is driving hotel demand in the business and conference segment. The aid and diplomatic segments continue to provide the majority of the market demand in Addis Ababa. Ethiopia has a strong domestic economy which is driving demand growth in the mid-market. Supply Addis Ababa has a quality supply of hotels currently in the market, giving an average number of 100 rooms per hotel. Branded supply is very low, with only Starwood, Rezidor, Marriott and Louvre present. Future supply is predominantly branded. The corporate market is primarily domestically driven, with a limited presence of international companies despite the high growth in the economy (Xander N, 2017).

## 4.4 Promotion Marketing Strategy

Table 4.9 promotional mix strategy of the hotels'

Promotional tools	Four star hotels				Five star hotels				Total
	Less effective	Effective	Most effective	Percentage	Less effective	Effective	Most effective	Percentage	
Advertising	---	2	---	16.7%	1	---	---	25%	3
Personal selling	1	---	---	8.3%	---	1	---	25%	2
Sales promotion	---	2	---	16.7%	---	---	---	---	2
Public relation	---	---	7	58.3%	---	---	2	50%	9
Total	1	4	7	100%				100%	16

Source: own survey, 2018.

As shown in the above table 4.9 indicates that; the four star hotels 58.3 % of the respondents' replies that the appropriate (most effective) mechanism to promote the hotel product and service is public relation, next to that 16.7 % of the respondents' replies that sales promotion and advertising are effective methods, the rest 8.3% of the respondents' replies that personal selling is the less effective mechanism in order to promote the hotels product and service.

The second part implies that 50% of the respondents' replies that public relation is the most effective method, the rest each advertising and personal selling contribute 25% as of effective mechanism and advertising to be less effective mechanism.

This implies that the four and five star hotels uses public relation as an appropriate promotional mix strategy. The promotion strategy directly increased profits although it reduced share prices meaning that investing in guest' communication, awareness and education may have improved revenue but at the cost of investors' perceptions of value. Market share also partially mediated the relationships between the promotion strategy and cash inflow and ROI implying that informing guests of the hotels' activities, products and services may have increased their turnover, spending and consequently the hotels' earnings. Non hospitality studies such as Williams, Babatunde and Jeleel (2012) likewise concluded that sales promotion is linked to higher sales and eventually profits whereas Sunday and Bayode (2011) established that communication enhances sales volume, market image and awareness, market share, competitive advantages and positions.

Table 4.10 Comparison in the Overall marketing strategy of the hotels' and their effectiveness

Marketing mix strategy	Four star hotels						Total		Five star hotels						Total
	Less effective		Effective		Most effective				Less effective		Effective		Most effective		
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	
Product	---	---	---	---	7	58.3	7	58.3	---	---	---	---	3	75%	3
Price	---	---	2	16.7	---	---	2	16.7	---	---	---	---	1	25%	1
Promotion	---	---	---	---	2	16.7	2	16.7	---	---	---	---	---	---	---
Place	---	---	---	---	1	8.3	1	8.3	---	---	---	---	---	---	---
Total	---	---	2	16.7	10	83.3	12	100%	---	---	---	---	4	100%	4

Source: own survey, 2018

As shown in the above table 4.10 implies that the comparative relationship between the marketing mix and the hotels. Most of the respondents 58.3% of them replies that product is the most effective mechanism in order to get customers, next to that price and promotions are the effective mechanisms, place has a value also but not that much significant for the four star hotels. When we see the second part of the table, 75% of the five star hotel respondents' replies that the most effective method to have a good customers is the product marketing strategy, and also some of them uses price marketing strategy the five star hotels uses product.

Fifield (1998) nonetheless explained that marketing strategies should be evaluated by looking at their impact on performance through analyzing both financial and non-financial measures such as profit, profitability, shareholder return, cash flow, liquidity, share price, earnings per share, return on net assets, market share, growth, competitive advantage, competitive positions, sales volume, market penetration levels, new product development, customer satisfaction, customer franchise and market image and awareness levels.

The findings revealed that the hotels adopted the 4 P's marketing mix model which focused on the place (location and accessibility), product (quality of rooms and meals), pricing (value of meals and stay) and promotion (personal selling, public relations and sales promotion). The results showed that the product strategy directly affects earnings per share meaning that meeting and exceeding guests' expectations by investing in exceptional food, rooms and amenities may



have reduced dividends. However, market image and awareness partially mediated the relationship between the product strategy and market penetration meaning that quality products including meals, rooms, accommodation and amenities may have produced many advantages including favorable perceptions and high esteem among stakeholders particularly customers hence enabling the hotels to retain a large percentage of their existing clients. Market image and awareness too indirectly mediated the relationships between the product strategy and competitive advantages and positions meaning that exceptional food, beverages, rooms and facilities may have improved the hotels' reputations though this may have been the only way for them to stay ahead of competitors. Market image and awareness as well fully mediated the relationships between the product strategy and sales volume and market share meaning that excellent food, rooms and amenities won the trust of consumers although this too may have been the only way for the hotels to grow their customers' bases and spending. Sales volume partially mediated the relationship between the product strategy and cash inflow showing that exceptional products gave several advantages including more guest consumption.

#### 4.5 Effective Communication

Table 4.11 Effective communication between departments in the hotels'

communication effectiveness between corporate sales and marketing department and other departments	Four star hotel		Five star hotel		Total
	Frequency	Percentage	Frequency	Percentage	
Very poor	---	---	---	---	---
Poor	---	---	---	---	---
Good	2	16.7%	---	---	2
Very good	7	58.3%	1	25%	8
Excellent	3	25%	3	75%	6
Total	12	100%	4	100%	16

Source: own survey, 2018.

The above table 4.11 shows that; 83.3 % of the respondents replies that the communication between cooperate sales and marketing department and other departments are very good and the rest 16.7% of the respondents replies that the effectiveness of the communication between different departments is good. When we see the second part that is the five star hotels 75% of the respondents' replies that the effective communication is excellent in order to be profitable and also to attract customers and to be a best competitor, the rest 25 % of the respondents' relies that the communication between departments is very good.

This generally implies that effective communication between cooperate sales and marketing department and also other departments has to be very related to each other in order to be profitable. Communication is one of the organizational functions that help the hotels to stay efficient and productive. One of the more important forms of organizational communication is inter-departmental communication, the Institute for Public Relations notes. The importance of communication between different departments in an organization becomes most evident when that communication breaks down. Implementing policies to strengthen inter-departmental communication help to underscore its importance and maintain an efficient flow of information.

Messages for the marketing and sales department must be relayed completely, accurately, and quickly. The switchboard operator is a vital link in the communication between the prospective client and a salesperson in the marketing and sales department. The front office manager should instruct all new front office personnel about the staff in the marketing and sales department and what each person’s job entails ([www.hotelgix.com/ effective interdepartmental communication](http://www.hotelgix.com/effective-interdepartmental-communication))

**Table 4.12 marketing strategy practice of the hotel effectively**

The degree of performing marketing strategy practice of the hotels	Four starHotel		Five star hotel		Total
	No	%	No	%	
Strongly disagree	---	---	---	---	---
Disagree	---	---	---	---	---
Neutral	---	---	---	---	---
Agree	3	25%	1	25%	4
Strongly agree	9	75%	3	75%	12
Total	12	100%	4	100%	16

Source: own survey, 2018.

As shown in the above table 4.12; 75 % of the respondents’ of the four and five star hotel replies that they strongly agree with the degree of performing marketing strategy. The rest 25% of the respondents reply that the degree of marketing strategy practice of the hotel is effective. This implies that the degree of performing the marketing strategy practice of the hotel effectiveness is very important in order to promote, attract, satisfy, to deliver the best product and service, and finally to be profitable. By mixing the marketing strategies (4p’s), the hotel’s can be very competitive in the international market. Generally marketing is an essential part of convention hotel performance. Competitive marketing strategies must be implemented in order for hotels to gain profits and differentiate themselves in today’s crowded markets (Meidan, A., & Lee, B, 1982).

## **4.6 Analysis of Data Collected From Hotel Managers through**

### **Interview**

Under this section, results of personal interviews with hotels marketing managers are presented. The resultant themes were cross-examined to establish an agreed set of themes that were thought to appropriately represent hotel managers' views.

#### **1. When asked in their professional opinion which marketing strategy they apply for their esteemed hotel best known?**

Customers will have their own reasons to choose a particular hotel the primary reasons maybe excellent service quality, outstanding style, brand name, reasonable price, convenient location or for any other factors. From the data collected, it emerged that majority of hotel managers believe that hotel customers accommodate in their hotel because they provide prompt service, attractive bedrooms, well organized facilities and international standard menu at a reasonable price with free of transportation from hotel to airport.

#### **2. How do you perceive the level of service quality in marketing strategies used by the hotels?**

Measuring management perceptions of service quality is important as measuring consumer's perceptions, because marketing management perceptions indirectly affects service quality standards. In addition, measurement of the management perceptions of service quality could help to know whether managers' perceptions of quality of the hotel's services are consistent with those of guests. It was identified that, managers have moderate perception toward service quality dimensions. Although managers apply some of service quality dimensions attribute as measuring service quality, Identifying & Validating Dimensions of Service Quality for the Ethiopian Hotel Industry.

#### **3. Is there any specific technique to employ the 4 ps of marketing mix in your hotel?**

The increase in competition for consumer attention has forced marketers to use attention creating personalities (or celebrities) in product promotion marketing. Over the years, the trend of using celebrities for product promotion has increased in Addis Ababa they have addressed that even

though they are aware of different marketing strategies mostly they preferred strategy is the TV advertising even though most of the respondents deemed to be expensive since their target consumer are foreigners some have the Hotels have started to assess their marketing strategy opinions by asking consumer, In room comment cards, own telephone survey of guests, suggestion box, focus group, market research survey which has affected their sales level than the before used promotional marketing strategy.

#### **4. Most marketing manager when asked how they approach or look for ways to attract new guests for an effective marketing strategy employed?**

The promotions strategy of the hotels includes the planned promotion tools and techniques, which are very important for the hotel industry and play a major role in achieving the competitive advantage. For the promotion of hotels the main tool used is the mass communication approach, which promotes the hotels using the print ads over the online (internet) network and different trade publications.

While designing the promotional strategy hotels are much more focused to attract the regular customers and also to attract expected customers from different regions. This kind of promotional campaigning proves to be a cost effective mode to target the market successfully. Different approaches of promotional campaign are described below. The following approaches helps in designing the promotional plan more effectively. A good brand name is important for the successful operation of hotels and these campaigning approaches facilitate the image of the brand and helps in creating a big name in the market.

Personal selling: this is a significant approach practiced by the hotels to target the domestic customers in the market. Personal selling helps in developing the relations with the domestic market. This approach provides a helping hand in establishing the increased level of activities from corporate world from the domestic locations. These activities provide the hotel with more attention from the domestic tourist and customers towards the lodging facilities of hotel. Personal selling approach is helpful for the hotels in improving their brand image in the market.

Public Relation (PR): This approach involves endorsement of facilities and services by the demonstration of hotels as an effective member within the local community. Hotels make strong customer bases and public relations by involving themselves in functions and events at

respective domestic levels (city, and country etc.). “It also facilitates the spreading of positive word of mouth regarding the lodging facilities and services at the hotels.

Direct Marketing (DM): Hotels adopt approach of direct marketing through the channel of travel agencies and public relation agencies. These agencies establish contacts with corporate houses and organize their meet in order to form lodging contract with them. These agencies handle matter regarding direct marketing. The packages of tours planned by travel agencies are part of this approach, which promotes customer relation and corporate relation of hotels.

Advertising: this promotional approach involves online advertisement and print media base advertisement. The proper integration of facilities like rooms and other services accompanied by positive customer attributes is beneficial in establishing a positive market image. In order to gain benefits and attract more number of customers it is important for hotels to represent their attributes more specifically and uniquely.

#### Website based marketing

This approach is used by hotels to establish interactive relations with the potential customers. Complete information should be accessible on the website of the hotel regarding the quality of service being provided. Along with this website should also serve the facility of online reservation and cancellation accompanied by facility of printable broacher

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION**

This chapter summarizes about the result findings of the study that have been gone through chapter 4. It also gives some conclusions from the result findings and discussions depending upon the research's questions and objectives. Finally, it suggests some future recommendations on important issues that should be done and taken into consideration by concerned bodies accordingly.

### **5.1 Summary of findings**

The study has dealt with assessing marketing strategies employed by selected four and five star hotel in Addis Ababa.

The hotel industry is extremely competitive, and several different hotels will often be competing for the same potential customers. As a result, it is crucial that hotels use a variety of marketing strategies to make themselves visible and to promote their hotel as the best available choice.

The research also revealed that the level of importance placed on marketing by hotel management varies from one hotel to another but depends largely on how they perceived their business environment. In a situation whereby there are numerous hotels in a city, in which the customers can make choices, the hotel managements considered marketing to be a top priority to their business success. On the other hand, in locations where there are relatively few hotels, the hotel managements' attitude towards marketing is more relaxed. However, one thing that is common to all of the hotels irrespective of their location and proximity to each other, is that they all believe that marketing is the key to maintaining their share of the market.

This research also revealed that the development of mass media and subsequent increase in number of advertisements, marketers' messages are easily lost since consumers are exposed to a number of advertisements one after the other. The increase in competition for consumer attention has forced marketers to come up with new way of getting new and loyal customers however most of this high status hotel use less or pay less attention on marketing strategy to attract residents customers who can afford to purchase their other recreational services, restaurant's, meeting rooms, wedding Venues which is also in a high demand in the capital city.

PricingBalance must be maintained between the quality of the service provision and the price being charged. In the process of price setting consideration must be given not only for the cost elements of delivering the service rather the cost of disappointing customers must be evaluated side by side. Otherwise, in the long run the cost of loosing loyal customers and replacing them might exceed the pricing being charged today. Moreover, they have to take in to consideration the locals in their pricing policy.

Most hotels in Addis are trying to be competitive with each other's but the reality on the ground is different. To tell some facts most of the hotels advertize through their websites what you will not see in reality which deceive customers and which is an UNethical. Hence it's better to reflect their true image on advertisements.

The hotels must give high emphasis on recreational facilities that is a sub-dimension of hotel service/product quality to build modern recreational facilities which help the customer to relax and refresh. Some of the hotels do not have a proper space for building different recreational facilities but by consulting professionals they can modify what they have and build what they want. For example: building swimming pool on the roof or build in underground space and so on these would attract local resident users and some of the hotels don't have space or play ground that are child friendly and also there are not built easily for disabled guests.

The presence of international and intercontinental conference centers of UNECA and AU is another opportunity. Since the headquarters of these two organizations is located in Addis Ababa, various conference issues might be brought and hosted in the city. Along this, as many as conferences frequently hosted, gave the opportunity to the city to bring so many conference participants from different corners of the world the government and non-governmental conference organizers and conference centers should extensively market in addition to these most of the customers suggest lack of communication in terms of language barrier with in the higher staff included and the reseache have noticed that most of the human resource are not given a traningopportunity and has also observed the challenge of the understanding of marketing by marketing department.

Lastly, this research indicates that there is remarkable growth in the digital marketing of hotel products and many hotels have come to the realization that the changes in the techno-logical

landscape have a huge influence on the hotel industry. As a result, many of the hotels are looking towards the direction of building and developing their online presence.

## **5.2 Conclusions**

Based on the findings of this study, the following conclusions are drawn; this research has shown that marketing plays a significant role in the hotel industry. Based on the research findings, it is concluded that marketing plays a crucial part in any hotel outlet and in the hotel industry as a whole. Marketing is an essential element in running any business, Even though it is proven to be an important factor which determines the success of any hotel unit, yet it is a phenomenon which is often taken for granted in the 4 and 5 star hotels in Addis Ababa, As a result of that, hotel owners and managers who want to be successful in the hotel industry should pay great attention to marketing.

There is a gap seen in the market and marketing strategies implemented are in totally different directions, Hotels promote their facilities and services on local Media while their target market in most cases are foreigners, the research reached these four and five star hotels in Addis Ababa are not utilizing Internet marketing to the fullest to the local customers by establishing friendly social media online presence.

Furthermore, the investments in marketing by hotel management should be well coordinated in such a way that other aspects of the hotel business are also put into consideration when marketing decisions are being taken. In other words, marketing should be integrated with Research and Development, Finance, and Production. A common competitive marketing strategy of convention hotels is using several social mediums to display information, communicate with consumers, and attract guests.

Since marketing creates a platform of bridging the gap between a hotel and its customers, it is important that a hotel as a company ensures that the right messages are passed across to the customers with its marketing campaign. Furthermore, the ultimate goal of marketing should be the facilitation of a win-win situation between the hotel and the customers. The hotel management should adopt the most effective and efficient marketing strategies that serve the interest of the company without risk the interest of the customers.



It can be concluded that with the help of various strategies and approaches used in marketing mix, a good image and well renowned brand name of hotels can be established in the market. It can also be said that a proper integrated framework of different components of marketing mix is essential for hotel management to measure and forecast its growth. Depending upon the current market situation, the marketing approach using online base marketing is effective due to its accessibility to the potential customers from international and domestic market.

## **5.2 Recommendations**

- Based on the conclusions of this study, the following recommendations are made:
- Hotels should utilize all major forms of social media thoroughly in order to reach a broad market of consumers.
- Hotels should stay up-to-date with technology and social media trends to manage web-based marketing to reach more customers.
- Hotels should monitor the marketing strategies used by competition and assess if they should be adopted.
- To overcome the customers doubt and dissatisfaction on the staffs skill and knowledge to perform the service and to answer customers' question which is part of assurance dimension. The hotels must hire professional from specific associations who educate specifically hotel management, front office management, cooking, home economics & etc. to any position to serve the customers in professional manner and give training every time in order to acquaint and develop themselves with time management, technology, standard service, effective resource management and utilization, health, hygiene and sanitation, safety and security, marketing abilities, professional ethics and morale.
- For further best practices evaluation, research should be conducted in greater depth using primary data sources on competitive marketing strategies for each hotel.

## **5.3. Implications for Further Research**

Nowadays because of globalized and dynamic business environment many business face intensive competition, One of the business sectors which have intensive competition is the

service sector, In order to remain competitive the service provider must employ different marketing strategies. From what can be seen from the study it can be concluded that this paper gives insight and knowledge to current marketing strategies employed by four and five star hotels to attract customers which ipso facto shows the strategies not used hence forth showing glimpse of the gap as possible to interested parties to further on this study. With respect to future projects, this study focused only on four and five star hotels found in Addis Ababa, Ethiopia. Therefore, A further study can be done by incorporating large number of 1, 2, 3, star rating hotels including the other four and five star hotels not included in the research, further research can be done for different cities all over Ethiopia.

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[www.hotelgix.com/](http://www.hotelgix.com/) effective interdepartmental communication

## **Annex1; Questionnaire**

### **Saint Mary university MBA-in General management**

#### **QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF THE MARKETING DEPARTMENT OF HOTELS**

**Dear Respondents;**

The aim/purpose of this questionnaire is to enable the researcher(me) to carry out a research for partial fulfillment of masters degree (MBA),the research focuses on ‘Assessment of marketing strategy in hotel business in Ethiopia’. A marketing strategy questionnaire are tools used to collect data from people regarding marketing information.

To ensure the success of the research, I would like to seek your support and cooperation in answering the questionnaire by providing your honest and most accurate respond. The information that you give in this questionnaire is only for academic purposes and will be kept strictly confidential.

The findings from this questionnaire will be reported only on aggregate level and anonymity of individuals that respond to this questionnaire is guaranteed.

Thank you for your kind cooperation and valuable contribution.

**Note:**

- ✓ Please do not write your name.
- ✓ Please (circle) or make a “√”on the space provided
- ✓ You can give more than one answer

**Part One: Demographic Information**

**1. Age of the respondent in completed years**

1/ 20-30		2/ 31-40		3/ 41-50		4/ 51 and Above	
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**2. Sex**

1/ Female		2/Male	
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**3. What is the highest level of completed educational level do you have?**

1/ Grade 12 complete		2/ certificate		3/diploma		4/ degree,(BA/BSC)		5/ masters, PHD	
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**4. What is your position in the hotel?**

1/ supervisor		2/ Middle manager		3/ceo/senior manager		4/ owner and manager	
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**5. How long have you been working in hotel industry ?-----**

1/ Less than 5 years		2/ 5-10 Years		3/10-15 years		4/ 15-20 years		5/ 20-25 years		6/ Above 25 years
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**6. How long have you been employee of the hotel?**

- a. Less than one year
- b. 2 – 5 years
- c. 6 - 9 years
- d. More than 10 years

**7. What would you suggest as the best strategy of advertising the hotel’s product?**

- 1. Media (newspaper, TV, radio)
- 2. Word of mouth
- 3. Internet

4. Other, please specify-----



8. What is your opinion concerning the price of the hotel's products?

- 1. very cheap
- 2. Cheap
- 3. Affordable
- 4. Expensive
- 5. Very expensive

9. The hotel's products availability and accessibility are?

- 1. Poor
- 2. Fair
- 3. Good
- 4. Very good
- 5. Excellent

10. What is your opinion about the products quality?

- 1. Very poor
- 2. Poor
- 3. Medium
- 4. Good
- 5. Very good
- 6. Excellent

11. On the rate 1 to 3, where 1 represents "least effective", 2 effective and 3 "most effective" how would you rate the hotel's overall marketing strategies?

- 1. Less effective
- 2. Effective
- 3. Most effective

12. On the rate 1 to 3 ,where 1 represents "least effective" and 3 represents "most effective", how would you rate the appropriateness of the following promotional mixes to the hotel?

(Please put a tick mark for each provided box).

Promotional tools	1	2	3
Advertising			
Personal selling			
Sales promotion			

Public relation			
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13. What marketing mix strategies does the hotel use?

- 1. Product
- 2. Price
- 3. Promotion
- 4. Distribution
- 5. All of the above mixes

14. How would you rate the communication effectiveness between corporate sales and marketing department and other departments?

- 1. Very poor
- 2. Poor
- 3. Good
- 4. Very good
- 5. Excellent

15. What are the customers' primary reasons for buying or wanting to use the hotel's products?

- 1. Quality of the product
- 2. Proximity of supply
- 3. Lower price than others
- 4. Effective promotion
- 5. Customer preference
- 6. If other, please specify-----

16. The degree of performing the marketing strategy practice of the hotel effectively?

- 1. Strongly disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly agree

17. What are the major problems encountered in implementing marketing strategies?

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18. If you have further comments please use the space provided below

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## **INTERVIEW QUESTIONS**

1. Who are your target consumers? And how does the hotel positioned its products?
2. Have you identified whom the consumers of your products in terms of geographic location, age group or economic situation?
3. What is the company's overall business strategy (Differentiation, cost leadership, focus strategy)?
4. Is there any competition? Who are your competitors? What are your major competitive advantages?
5. What are the marketing strategies offered by the hotel (in terms of 4Ps)?
6. What are the problems you encountered in implementing the marketing strategies?
7. What is your future plan to expand your products or to increase your market share?
8. What factors do you consider in setting pricing strategy? Or what are the bases for your pricing strategy?
9. What distribution objectives and strategies are the hotel pursued?
10. What promotional tools do the company used?
11. What is the status of promotional mixes done by the hotel interims of advertising, sales promotion?
12. Over all how do you evaluate the hotels current marketing strategies?

DECLARATION

I, the undersigned declare that the thesis is my original work, prepared under the guidance of “Assessments on Marketing Strategies of selected hotels in Addis Ababa” all source of material used for thesis have been duly acknowledged I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

**LEMLEM TADESSE**

Name

**ST.MARY’S UNIVERSITY, ADDIS ABABA**

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Signature

December, 2018