HOTEL INDUSTRY IN LIGHT OF CUSTOMER PERSPECTIVE
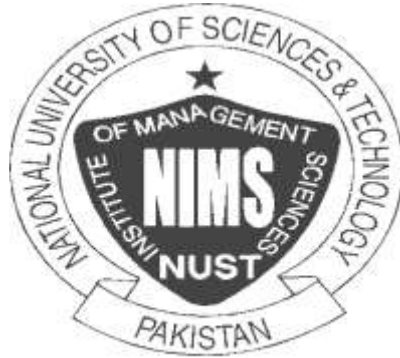
MBA – THESIS

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Executive Summary

Hotel industry is considered the backbone of tourism activity everywhere in the world. It is an industry of huge dimension in its own place. It is a multi-billion industry in terms of investment, labor intensive, both in terms of output or capital employee per unit of labor and consumes large amounts of inputs and services, thus, generating back and forth strong economic stimuli in the areas where it is located.

This research has been conducted as an essential part of the degree completion for MBA program at NUST INSTITUTE OF MANAGEMENT SCIENCES (NIMS). The purpose of the research is to understand the industry at hand from how the consumers see it and to facilitate the general readers in clearing their perceptions.

The research moves with introducing the reader to the hotel industry in general and then directly moving on to the first hypothesis. Each hypothesis is taken individually; proved right or wrong and then the second is taken up. After completing all three, some recommendations regarding areas where each individual player lacks have been given separately for each player. They are then followed by a conclusion.

In order to conduct the research in a systematic manner three hypothesis have been developed. This has been done to provide a basis for each area of research. They are;

- Competition is the driving factor largely responsible for strategy formulation of individual hotels
- Consumers benefit most due to intense competitive rivalry
- Marriott is the undisputed market leader

The first hypothesis has been proved wrong while the next two have been proved right. The approach adopted has been that the first hypothesis was taken and analyzed according to the fact that what other factors are involved in strategy formulation apart from competition. They have been identified and stated and their relevance depicted. The

second hypothesis has been proved right by stating how exactly on what dimensions consumer end up benefiting from this rivalry. Also how the individual players are trying to differentiate themselves on which dimensions and how the consumers actually are at the receiving end. The third hypothesis has been proven right in light of the factors that have lead to Marriott's success and the development of this perception in the first place. In the process of uncovering that, Marriott's position as a leader emerged.

This thesis has been covered from perceptions resulting from competitive rivalry among hotels. This is because generally most of the researches conducted are regarding the workings, brand image, service delivery and industry on the whole. However, even the industry players do not seem to notice that the sheer competition that exists between them has significant impacts on consumer psychology. These need to be understood for future planning.

Apart from the industry players, the research has been conducted keeping the general consumer in view i.e. to facilitate his understanding of the dynamics of the industry as a whole.

CHAPTER #1:- INTRODUCTION

1.1 Problem Statement

Customer's mind and ability to understand what the players in the industry are doing is a very complex process to understand. This is because no matter how hard the hotels try to convey the right image, it would be of no use if the consumers do not perceive it as right. There is a lot of competitive rivalry in a dynamic industry like the hotel industry. It is true that firms have their own way of seeing things and calculating how to do business. However no hotel in the game can survive without correctly gauging customer perceptions. Therefore in this research three hypothesis have been developed by keeping the most common consumer perceptions in view.

1.2 Purpose

The purpose of this research is that all the players need to see things through the consumer's eye and their perception level. This is because it would be beneficial in shaping the right strategies. Hotels can tailor their services according to customer perceptions.

Apart from customer perception in terms of helping hoteliers understand how to compete better, the research also clears some aspects for the consumer himself. This mean that to a normal consumer going through the survey the dynamics of the hotel industry become clear.

This research is not conducted for financial purposes but rather to understand what general perceptions are about the industry and then they have been proved right or wrong with the help of the factors which have lead to these perceptions to exist in the first place.

1.3 Scope

This study has been conducted keeping the competitive environment of Pindi/Islamabad in view. Hence it is limited to these twin cities and the players, dynamics etc prevailing here. Each market has its own particular characteristics and analysis is done according to it. In this case analysis has been done keeping this particular market as the playing field.

The hypothesis that have been developed are according to the competitive aspect of the industry. This is due to the fact that most research that is conducted is on the branding, promotional side or general working of the industry. These are the key areas which almost all researchers highlight. That is why in order to touch an area which is different in terms of research, the theme is based on how customers see competition since this is a factor even the players sometimes ignore meaning what their existing rivalry portrays to customers.

1.4 Methodology & Instruments

The study being descriptive in nature is based on secondary data, which has been supplemented by primary data Research has been conducted through consumer questionnaire, general discussions with consumers and analysis. The hotels' managements views have also been taken.

Conclusions have been drawn after in depth analysis and with the help of different tools used for better analysis and understanding.

Three hypothesis have been developed based on most common customer perceptions. They have been proved right or wrong after conducting a proper analysis and research for each. All have been analyzed from different perspectives and then conclusions have been drawn.

HYPOTHESIS # 1:-

COMPETITION IS THE DRIVING FACTOR LARGELY RESPONSIBLE FOR STRATEGY FORMULATION OF INDIVIDUAL HOTELS

This hypothesis is generally prevalent in the consumer's mind because to their eye this seems to be the fact. While competition plays an important role but it is not the sole factor responsible for driving strategy formulation. The hypothesis has been proved wrong in the research.

HYPOTHESIS # 2:-

CONSUMERS BENEFIT MOST DUE TO INTENSE COMPETITIVE RIVALRY

This also is a general perception which is very important in the sense that the hotel industry players need to see this aspect of their rivalry in the consumer's eyes as well. With analysis and research this hypothesis has been proved right.

HYPOTHESIS # 3:-

MARRIOTT IS THE UNDISPUTED MARKET LEADER

In order to prove this hypothesis right research has been conducted on the true aspects of how Marriott is the market leader instead of giving hard to understand heavy financial data.

1.5 Definition Of Terms

Anecdotal: - Based on casual observations or indications rather than rigorous or scientific analysis

Ascertain: - To discover with certainty, as through examination or experimentation

Boarding: - the act of passengers and crew getting aboard a ship or aircraft

Beneficial: - Producing or promoting a favorable result; advantageous

Courteous: - Characterized by gracious consideration toward others

Correlational: - A causal, complementary, parallel, or reciprocal relationship, especially a structural, functional, or qualitative correspondence between two comparable entities

Delineating: - To depict in words

Elicit: - To arrive at by logic

Hypotheses: - The antecedent of a conditional statement

Incentive: - Serving to induce or motivate

Influential: - One that is of considerable importance or influence

Legendary: - Extremely well known; famous or renowned

Oriented: - Adjusted or located in relation to surroundings or circumstances

Productivity: - The quality of being productive

Respondent: - One who responds

Scope: - The range of one's perceptions, thoughts, or actions

Significance: -. Importance

Temperament: - The manner of thinking, behaving, or reacting characteristic of a specific person.

Tangible: - Possible to be treated as fact; real or concrete interpersonal

Variability: - The quality, state, or degree of being variable or changeable

Vendor: - One that sells or vends

1.6 Industry Overview

Pakistan Hotel industry majorly consists of four and five star hotels with no six star hotels in most of the major cities. Pakistan offers various types of accommodation, ranging from budget accommodations to five star luxury hotels. Traveling to big cities one is likely to get a variety of accommodations that can easily fit into any budget, on the other hand traveling to the remote areas or going just simply trekking up north one is likely to get cheaper accommodation.

1.6.1 Hashwani Group

When one talks about the competitive environment of the hotel industry in Pakistan, Hashwani group is one name that cannot be ignore. This is because they are the major element driving competition in the hotel industry.

Hashoo Group of Companies was established under the leadership of Mr. Sadruddin Hashwani, a dynamic businessman with vision and values. In a period of some three decades he, through his single handed dedication and commitment to the profession, has transformed the Group into a leading business power house of Pakistan well known for its forward-looking approach, and high standards of quality and integrity. Starting with Cotton Trading, Hashoo Group of Companies today have in their fold, as owners and operators, the Pearl Continental Hotels chain and Karachi and Islamabad Marriott Hotels with presence in all big cities of Pakistan. Besides hotel industry, the Group companies are engaged in oil & gas exploration and production, information technology, mining, ceramics, pharmaceuticals, tourism and travel and real estate.

The Group companies are forward looking and as a policy explore new fronts to stay abreast of the competition. The activities in oil and gas sector are being expanded and today the Group has some 75% share in oil and gas exploration in the private sector. In the hospitality industry, the Pearl Continental Hotel Peshawar is being expanded by 100% and new hotels are being built in Muzaffarabad, the capital of Azad Jammu and

Kashmir, and Gwadar, the Western most port city of Pakistan. Plans are being prepared for hotel and convention centre tower in Lahore. Large-scale modernization of existing hotels is also in progress as a part of the continuing efforts to remain at the cutting edge of the hospitality business. The Ceramics company of the Group produces high-class crockery and has a technology exchange agreement with famous French company, Bernadaud Limoges in the field. The pharmaceuticals activity relates to the manufacture of halal gelatin capsules.

Hashoo Group has established Hashoo Foundation Trust. The Foundation's core activity is establishment and operation of schools at the doorsteps of the underprivileged communities for quality education of their children. It also extends helping hand to young men and women in their pursuit of higher studies and contributes towards other philanthropic activities.

Mr. Sadruddin Hashwani hails from an illustrious family of Karachi. In 1960, he entered the business of cotton trading and through his hard work and genius he, within a decade, emerged as a prominent businessman on Pakistan's industrial scene. Within a short span of 10 years, Mr. Hashwani was at the pinnacle of cotton business and was rightly known as the "Cotton King" being top exporter of cotton, besides rice and other commodities.

In 1972, Mr. Hashwani diverted his attention to other business ventures in diverse areas such as hotels, and real estate development. Again he made history when in less than a decade, he earned the reputation of a highly successful hotelier. He built Holiday Inn hotel in Islamabad in 1979 and then Holiday Inn in Karachi in 1981. These are owned and operated by Hashwani Hotels Limited. In 1992, these hotels were totally revamped and refurbished to qualify for the well-known international 5-Star hotel chain Marriott. It was first time ever in the history of Marriott Corporation to have given franchise for their brand name to hotels, which are not under their own management. This in itself speaks volumes for the trust and confidence international big names in the hotel industry repose in Mr. Hashwani.

Today Islamabad and Karachi Marriott hotels enjoy the reputation of world-class deluxe hotels. Since the year 1999, the Islamabad Marriott Hotel has been consecutively winning the coveted Marriott awards of distinction.

In 1985, Mr. Hashwani purchased the controlling shares of Pakistan Services Limited, which owned Inter Continental Hotels in Pakistan. These hotels were in bad shape and losing money. He changed their name, to "Pearl Continental Hotels." By dint of persistent hard work against all odds combined with extraordinary sense of correct direction of the future, he transformed the Pearl Continentals into Pakistan's largest and most elegant five-star hotel chain having presence in Karachi, Lahore, Rawalpindi and Peshawar. Mr. Hashwani took another bold initiative by the construction of a new Pearl Continental hotel at Bhurban in the picturesque Murree Hills. The Pearl Continental Hotel, Lahore was expanded with the addition of a new wing called Atrium Wing and refurbished with most modern amenities. The Pearl Continental, Karachi is recognized as "One of the Leading Hotels of the World".

Mr. Hashwani's business acumen encouraged him to diversify into Petroleum Industry. In 1995, he acquired controlling stocks of the US based Corporation, Occidental of Pakistan Inc., (now known as Orient Petroleum Inc.), which is actively engaged in the exploration and production of Oil & Gas in the country. He is also active in information technology, pharmaceuticals, ceramics, mining, real estate and trading. His industrial conglomerate is known as Hashoo Group of Companies.

He is an outstanding host and recognized and reputed highly in Pakistan and abroad. Mr. Hashwani is well known philanthropist who has promoted the cause of the underprivileged and is founding Chairman of the Hashoo Foundation. The Hashwani family has also setup HOAP International for skill training, extending healthcare and finding jobs for the poor segment of the population. Another Charitable organization by the name of Umeed-e-Noor is being run by Mrs. Sadruddin Hashwani for the care and education of handicapped children.

In recognition of his contributions to Pakistan's business and economic progress, the Institute of Business Administration, Karachi honoured Mr. Hashwani in 1988 with the "Outstanding Professional Contribution Award". For his distinguished services to the Tourism Industry of Pakistan, he was awarded a Gold Medal at the Tourism Convention held in 1993.

(www.marriott.com.pk , www.hashoogroups.com/index)

1.6.2 Major Competitors By Groups

5 star luxury Hotels
- ➢ PC Rawalpindi
- ➢ Marriott Islamabad

4 Star Luxury Hotels
- ➢ Holiday Inn
- ➢ Flashmans
- ➢ Shalimar

Others
- ➢ Best Western Hotels
- ➢ Other lodges

An overview of some of the hotels in Pakistan is as follows:

Serena Hotel

Serena is considered to be one of the most luxurious hotels in Pakistan. The Serena Hotel Islamabad is located near the lush green Margalla Hills and Rawal Lake next to the diplomatic enclave. The Islamabad Serena is surrounded by tranquil jasmine gardens with Serena water bodies. It combines the historical architecture of the region with traditional hospitality.

The Quetta Serena hotel is one of the best in service and qualiy in Pakistan. The architecture is traditional Balouch village architecture. The rooms are superbly clean and very well kept and decorated with traditional Balouch ornaments. Restaurants serve variety of cuisine from Balouchitan & rest of Pakistan. The Quetta Serena Hotel is the best venue for a weekend get-away and a marvelous venue for a conference or event. Tourists who stayed at the hotel often called it the highlight of their tour. Sarena Gilgit lodge is very attractive for tourists in Northern areas of Pakistan.

Marriott

The Marriott hotel is a Five Star luxury Hotel chain. Nestled at the heart of the city, within an easy access to the business and commercial centers, it provides excellent business and leisure facilities to the discerning travelers.

The Marriott Islamabad is located at the foot steps of Margalla hils, and is close to Rawal lake & the town centre, President & Prime Minister's House, Foreign Missions, World Bank, and Government offices. Choice of smoking and non-smoking rooms, suites and executive level rooms equipped with modern ports. The health club offers separate gyms for ladies and gents, sauna and Stream bath, all-weather swimming pool. There, is a

round the clock Business Centre, as well as 32000 square feet of banquet facilities that can cater to the needs of 15 to 1500 people.

The Marriott Karachi is a five star hotel in the heart of Pakistan, within easy reach to the business & commercial centers, and provides excellent business & leisure facilities Attraction and landmarks for Karachi Marriot is Clifton Beach, Art gallery, Defence Mosque, Hill Park, Karachi Museum, Karachi Ship Harbor, Shopping Mall and US Consulate.

The Pearl Continental Hotel

The Pearl Continental hotel is the First Five-Star Hotel chain in all the major cities of Pakistan. It boasts a unique architecture that blends together both eastern and western ambience. Offering an array of leisure and business facilities, the Pearl Continental Hotel is one of the best hotels in Pakistan.

PC offers a wide variety of Restaurants and services; rooms and health clubs thus catering to the needs of its customers of Elite class. It is not only located in major cities of Pakistan but also located in Bhurban so it caters to the needs of tourists as well.

PC Lahore is classified as one of the best luxury by five star hotel alliances. The Pearl Continental Hotel Rawalpindi is only a few kilometers away from Rawalpindi International Airport. The Accommodations Comprise Of 485 Rooms Varying From Presidential Suites To Standard Rooms. Its style is termed as "Classic Luxury."

Holiday Inn

The Holiday Inn is a three star hotel in the heart of the city Islamabad. The hotel offers a varied and exciting mix of Rooms, Conference & Banqueting facilities, Food & Beverage

options as well as fine Recreational facilities. Holiday inn is located in major cities of Pakistan.

Best Western Regency Hotel Islamabad

The Best Western Regency Hotel offers a range of amenities designed to meet business travelers' specialized needs. The hotel includes a convention and banquet rooms with all the latest audiovisual equipment, facilitated by a friendly and efficient staff will to ensure perfection. It is recommended for tourists looking for affordable hotels in Pakistan.

Hotel Crown Plaza Islamabad

Located at the bustling business district, in the heart of Islamabad, the distinctive Hotel Crown Plaza welcomes both business and leisure travelers. Offering an array of quality services and facilities, the Crown Plaza hotel combines classic luxury with a touch of traditional warmth.

1.6.3 Sub Markets In The Hotel Industry

There are increased numbers of submarkets that are emerging in the hotel industry. Some of them are follows:

ξ   The market for those people who are health and fitness conscious.

ξ   The people from different regions of Pakistan and from outside Pakistan who are interested in special regional food.

ξ   There is a special market for Eid products and New Year products and services for special occasions.

ξ   There is also a growing market for minorities such as on Christmas and Easter times.

1.6.4 Size, Growth and Cost Structure

These submarkets are rapidly growing in Pakistan due to the changing trends and mindsets of people. So all of the above mentioned submarkets would be highly profitable in future to the hotels of Pakistan and they can build upon these opportunities to be profitable. The cost involved in these submarkets would also not be high because the hotels do not have to go out of the way to start and enter these markets rather these markets are just extensions to the already existing markets.

1.7 Customer Analysis

The following analysis has been stated according to the different customers, target markets etc. which the major players in the industry are catering to. This is because every hotel is targeted to a different set of people and satisfying different needs.

1.7.1 Serena Hotel Islamabad

It is Pakistan's leading and most luxurious hotel. It offers the best value for money by providing the highest quality of services, product and comfort exceeding customer expectations. It plays an integral part in development and remains active in protecting environment while promoting local culture and heritage.

Segmentation- Customer Characteristics

ξ   Geographic

Serena Hotel mainly caters to the Islamabad / Rawalpindi market as both are known as the twin cities of Pakistan, travelers, tourists, vacationers or business people from various places when come to Islamabad, find Serena Hotel as one of the most suitable options to stay.

ξ   Type of Customers

Islamabad is the capital of Pakistan, therefore it is being mostly visited by foreign delegations and high level officials from other parts of Pakistan and Serena Hotel Islamabad provides lodging facilities to these important people.

ξ   Lifestyle

Being one of the 5 star hotels in Pakistan Serena Hotel caters to the elite class. Its customers mainly include tourists and vacationers from abroad i.e. foreigners or business

class for stays and conferences and also families of elite upper class who usually come over to enjoy various services of Serena including dinner and occasions purposes.

ξ   Occupation & Income

People who either belong to the elite class or business sector including the bureaucrat class and foreign tourists, All normally have income higher than Rs.50,000 per month.

Segmentation – Product Related Approaches

ξ   Usage

As already mentioned above, the user types are the business / bureaucrat class, foreigners and the elite class, the usage measures how frequently these users use the services of the hotel. The division can be made in the following way:

Tourists/Vacationers   medium to heavy users

Business/Bureaucrats   heavy users

Elite class/families   medium to heavy users

ξ   Benefits Sought

The biggest benefit that the customers can get from Serena Hotel is that beside giving them a place to live, Serena helps them in experiencing the true culture of Pakistan and the various traditions of our country. Tourists who wish to see as much of Pakistan as possible find Serena the best Hotel to get a feel of what it actually is like to live in Pakistan in essence of its culture and traditions.

ξ   Price Sensitivity

There is a minimal level of price sensitivity among the customers as they all are the customers of 5 star luxury hotels. High prices go side by side with luxury hotels and as the customers usually are the elite class, question of price sensitivity is quite low.

ξ   Loyalty

Customer loyalty is usually medium level. There are some who always want to stay at their favorite hotel and there are some who always want to try another hotel ever time. But then again there is yet another class who is always loyal to their hotel and prefers staying there no matter what.

1.7.2 Marriott Hotel Islamabad

Marriott marketers considered four alternatives in the market: a community geared to leisure activities; a community oriented toward health care; a community with on-site nursing; and a full-service community with leisure and medical facilities. Corporate and government agencies always prefer Islamabad Marriott Hotel for their functions, seminars, and lodging their guest and customers. they have fixed their customers, and they do not approach new customers, until and unless, they themselves contact Marriott. This may create trouble for them, as new hotel and restaurants are opening in Islamabad, and they will definitely; try to grasp that vacant market.

Segmentation – Customer Characteristics

ξ   Geographic

Marriott Hotel mainly caters to the Islamabad / Rawalpindi market as both are known as the twin cities of Pakistan, travelers, tourists, vacationers or business people from various places when come to Islamabad, find Marriott Hotel as one of the most suitable options to stay.

ξ   Type of Customers

Islamabad is the capital of Pakistan, therefore it is being mostly visited by foreign delegations and high level officials from other parts of Pakistan and Marriott Hotel Islamabad provides lodging facilities to these important people.

ξ   Lifestyle

Being one of the 5 star hotels in Pakistan Marriot Hotel caters to the elite class. Its customers mainly include diplomats/bureaucrats class for stays and conferences and also families of elite upper class who usually come over to enjoy various services of Serena including dinner and occasions purposes.

ξ   Occupation & Income

People who either belong to the elite class or business sector including the bureaucrat class and foreign tourists, All normally have income higher than Rs.50,000 per month.

Segmentation – Product Related Approaches

ξ   Usage

As already mentioned above, the user types are the business / bureaucrat class, foreigners and the elite class, the usage measures how frequently these users use the services of the hotel. The division can be made in the following way:

Tourists/Vacationers	low to medium users
Business/Bureaucrats	heavy users
Elite class/families	medium to heavy users

ξ   Benefits Sought

The biggest benefit that the customers can get from Marriott Hotel is that besides giving them a place to live, Marriott is a perfect place to carry out business activities and provides the perfect aura of corporate world. Other than that customers can seek many other benefits like cafes, shops, health club, marquee etc

ξ   Price Sensitivity

There is a minimal level of price sensitivity among the customers as they all are the customers of 5 star luxury hotels. High prices go side by side with luxury hotels and as the customers usually are the elite class, question of price sensitivity is quite low. Still Marriott indulges in price skimming.

Discounted Rates are given to companies on the basis of business given by the companies.

Corporate Rates The companies, which give 50 room nights per month, are given corporate rates.

ξ   Loyalty

Customer loyalty is usually high. There are some who always want to stay at their favorite hotel and there are some who always want to try another hotel ever time. But then again there is yet another class who is always loyal to their hotel and prefers staying there no matter what.

1.7.3 PC Rawalpindi

The Pearl Continental Rawalpindi is situated in close proximity to the downtown centre of Islamabad. The hotel is reputed for its warmth, the first impression you get when you reach the hotel is a general feeling of being welcomed, be it the traditionally dressed doorman to the general manager. People come home to an affordable excellence. It has 200 rooms, all with Air-conditioning, TV, direct-dial telephone, hairdryer, fireplace, in-room iron, mini bar, radio and private bathroom.

Segmentation - Customer Characteristics

ξ   Geographic

PC Hotel mainly caters to the Islamabad / Rawalpindi market as both are known as the twin cities of Pakistan, travelers, tourists, vacationers or business people from various places when come to Rawalpindi/Islamabad, find PC Hotel as one of the most suitable options to stay.

ξ   Type of Customers

Islamabad is the capital of Pakistan, therefore it is being mostly visited by foreign delegations and high level officials from other parts of Pakistan and PC Hotel being in the vicinity of Airport provides lodging facilities to these important people.

ξ   Lifestyle

Being one of the 5 star hotels in Pakistan PC Hotel caters to the elite class. Its customers mainly include diplomats/bureaucrats class for stays and conferences and also families of elite upper class who usually come over to enjoy various services of Serena including dinner and occasions purposes. Along with them the upper middle class is also catered for by PC Hotel.

ξ   Occupation & Income

People who either belong to the elite class or business sector including the bureaucrat class and foreign tourists or even the upper middle class, all normally have income higher than Rs.35,000 per month.

Segmentation – Product Related Approaches

ξ   Usage

As already mentioned above, the user types are the business / bureaucrat class, foreigners and the elite class, the usage measures how frequently these users use the services of the hotel. The division can be made in the following way:

Tourists/Vacationers	low to medium users
Business/Bureaucrats	heavy users
Elite class/families	medium to heavy users
Middle Class	low to medium users

ξ   Benefits Sought

The biggest benefit that the customers can get from PC Hotel is getting the best services of a top class 5 star luxury hotel with prices quite reasonable than the rest of the luxury hotels in competition.. Other than that customers can seek many other benefits like cafes, shops, health club, marquee etc

ξ   Price Sensitivity

There is a minimal level of price sensitivity among the customers as they all are the customers of 5 star luxury hotels. High prices go side by side with luxury hotels and as the customers usually are the elite class, question of price sensitivity is quite low. Still PC has lower rates than Serena & Marriott and it also indulges in price skimming.

Discounted Rates are given to companies on the basis of business given by the companies.

Corporate Rates The companies, which give 50 room nights per month, are given corporate rates.

ξ   Loyalty

Customer loyalty is usually medium level. There are some who always want to stay at their favorite hotel and there are some who always want to try another hotel ever time. But then again there is yet another class who is always loyal to their hotel and prefers staying there no matter what. [1]

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[1] Authorized research by students

CHAPTER # 2:- LITERATURE REVIEW

Literature Review

Successful organizations understand the importance of providing motivation positive feedback, and performance based on rewards for their employees. Effective incentives include monetary rewards such as giving employee commission based on the performance of the business. Other less tangible, but equally important, strategies include showing faith, recognizing employees in the company's strategic plan etc**.** (Brown, 1993)

2.1 Who are customers?

Customers generally fall into 3 categories:

Current Customers: These parties are currently purchasing and / or using the product. Within this broad category, there are many others subcategories including:

- Internal customers
- Purchasing Agents
- Retail dealers
- Factory Operators who use the product to make something else
- Consumers

Prospective Customers: These customers might not currently buy the product but could in the future.

Lost Customers: They were customers, but something happened to end the relationship. Lost customers might also fit into the prospective customers category. (Cochran, 2000).

2.2 Customer Service

A Strategic Plan for Company/Corporate Change

- **LET** (Leading Empowered Teams) - Two-day seminar designed to get management emotionally committed to exceptional service and trained to reinforce empowered action and improve performance. Focus is on empowerment, team building, coaching, feedback and strategic positioning.

- **BAD** Campaign (Buck-A-Day) - A 30-day idea campaign designed to eliminate waste and reduce costs. The campaigns are uncomplicated, involve the line staff, easy to implement and arouse interest because they use recognition and are designed to be fun.

- **Exceptional Service** - A four-hour program designed to get employees to provide exceptional service not just good service. Personnel will learn how to identify customer service opportunities - inside and outside the organization - as well as how to capitalize on each opportunity to maximize profit.

- **Good Idea Campaign** - A 30-day campaign that puts focus on quality and customer satisfaction. An exciting event that gets widespread employee participation-built on the premise that people closest to problems frequently have worthwhile ideas. Offers a refreshing change of pace from the normal work routine.

- **Service First Video Library** - Twelve videos that teach the skills needed to demonstrate quality customer service at the front line. The programs are designed to improve moral and interpersonal communication and reduce complaints.

- **BAD is Back** - A second year campaign following the one-month BAD campaign. This campaign focuses on getting the employees to look not only for cost reduction, but productivity improvement as well. (Lowe, 1997)

2.3 Handling Customer Complaints

Handling a complaining customer is not an aspect of the job that any member of the staff likes, but if the guidelines below are followed, a complaining customer might well become a satisfied customer and this might even opens up opportunities to sell products that might not otherwise have arisen. These guidelines are:

- Look smart and efficient, welcome the customer and adopt the right helpful attitude (do not show resentment-smile) because the customer might have prepared for a battle and already decided exactly what they are going to tell you expecting the staff to be defensive, but if they are welcomed with a friendly smile and feel that there is genuine interest in their problems this starts the interview well.

- Be sympathetic to the customer, thanking them for bringing the error to the catenaries.

- When the customer is explaining what the complaints are about, listen to the full story- do not interrupt, taking notes if necessary and focus completely on the customer.

- Ask open questions to elicit any further information that is required, gently establish the full story, stay calm and do not attempt to justify the company position or argue with the customer.

- If the problem requires the attention of more senior members of staff or specialist knowledge, explain this to the customer, pass it to the person who can deal with the problem and follow this up.

- If the complaints are justified, apologize to the customer; explain what will be done to rectify the situation (ensuring that what is promised is done quickly).

- If the complaint is unjustified, the customer should be given a clean and courteous explanation of the company's attitude or practice.

- Consider whether there is any assistance, advice or an available service that could be sold to the customer to help prevent the problem recurring**.** (Mayall, 1993)

2.4 Why focus on customer satisfaction?

"You are nothing without your customers", This statement seems impractical but it's a true fact, nevertheless understanding that service companies exist for no other reason than to meet customer needs and expectations, its imperative to develop proactive methods for understanding what the customers like and dislike if a company has other beliefs, they need to really glance behind them at the competitors who are lined up and waiting for the opportunity to prove them wrong and take their place.

Focus on customer satisfaction is important for three basic reasons:

1. Customer satisfaction is the ultimate goal. There is no higher achievement than to satisfy the customer whom an organization has committed itself to serving. This doesn't mean that the organization becomes a not-for-profit institution but revenues and profits are nothing more than the ultimate outcomes of fulfilling customer needs and expectations.

2. Customer satisfaction is an investment. Customer satisfaction processes don't often produce results in the very short term. Rather, the payoffs are usually realized in the medium or long term. Resources must be applied to understanding customers. Combined resources required for these activities form one of the most important investments that an organization can make, and this fact should be clearly reflected in budget planning.

3. Everyone must be involved in customer satisfaction. All personnel have the capability, at same level, to influence customer satisfaction. Top management must communicate exactly how personnel are expected to contribute because there are often misunderstandings due to lack of communication between Top management and personnel. (Kennedy, 1999)

Figure 1

Source: John C. Kemmy. Executive report on Customer Satisfaction"
(May 10, 1994)

2.5 Customer Buys To Satisfy Needs

- Need are what define customer wants.
- Benefits are what a product will do for the customer that will satisfy those needs.
- Features are how the product provides the benefits.

Customer complaints must be dealt with in a positive, sensitive and sympathetic manner. Complaints should be welcomed as opportunities to improve customer satisfaction and public relations.

Mr. Richard Bere, president of korger says that: we have customer advisory committees in many of our stores, to ask what they don't like about the store, what we need to change, and so forth, out of that you may get some general ideas, but it is the store people who ultimately must say this; what we need and order the materials, displays and systems. (Quinn, 1992)

2.6 Tips For Improved Customer Service

1. Take your customer service for a test drive. "Mystery shop" various service groups in a disciplined, organized way with a specific checklist of criteria to rank. Some factors to evaluate are: number of layers in your interactive voice response (IVR) programs; number of minutes holding in queue to reach a live customer service representative; and the professionalism and helpfulness of your customer service representatives.

2. Then test-drive your competition. How do you stack up?

3. Measure customer satisfaction with your customer service. After they complete their service transaction, transfer 5 percent of callers to an anonymous, automated "survey" to give feedback.

4. Broadcast your customer satisfaction/customer care statistics to employees throughout the company. Have every department identify what its role is in delivering customer care. As soon as the numbers are good, post them on your website.

5. Since compensation drives behavior, tie significant bonus money to customer satisfaction ratings--and do that right up to the senior executive ranks.

6. Insist that senior management spend time in your customer service call centers monitoring calls on a regular basis. It's the best and cheapest way to hear what the customer is saying as well as to see your customer service center in action vs. filtered through reports.

7. Make it a policy for every new manager to spend time in the customer service call center as part of new-hire training to lay a foundation of customer focus.

8. Correctly value and invest in the position of customer service representative. They are the "ambassadors" of your company to your market. Are they compensated competitively so you can attract and retain the best talent? Are they trained with customer service skills to build customer relationships? Are their supervisors trained in the specific disciplines of customer care operations management?

9. Make it easier to access customer service. Half the time customers have no idea what number to call for help because every business unit has its own gaggle of toll-free numbers. Consolidate!

10. Use your website as a customer care and feedback channel. Load the most common service questions and answers--frequently asked questions or FAQs--on your website. Encourage input on products' and services' functionality via e-mail and respond to questions with a 24-hour turnaround (funnel it through your call centers). (Moretti, 1998)

2.7 Elements Essential For Good Holidays

- High standard of accommodation and allied facilities
- Interesting sightseeing
- Warm weather guaranteed
- Good food
- Able to leisurely and safely tour around
- Local cuisine
- Country/area not visited before
- Being with people / get on with
- Nightlife / evening entertainment (Beaver, 2001)

2.8 A Star Rating Criteria In The Hotel Industry

The distinction between a 5-star and a 4-star hotel lay in "luxury and a consistently superior level of performance". For a resort to be rated as "one of the best in the country", the quality of furnishing, decorations, and personnel services should be not merely deluxe but unique; all guests have to be shown a uniformly high level of attention from a friendly, helpful, competent staff, with twice-daily maid service being standard; the grounds should be meticulously landscaped, a wide selection of recreational faculties,

staffed by skilled instructors, should be available – as should special entertainment programs and the services of a social director.

5-star institutions enjoy great prestige and command top of the line rates. A few exclusive groups hold their meetings at five star hotels or resorts.

Achieving and maintaining such a rating has a very positive effect on employee morale as well as enhancing the overall hotel image. However, it also does have its risks involved. Guests tend to have a very high expectation and are therefore more easily displeased. Losing a fifth star can be very damaging to the image of any hotel or resort.

Hence, a hotel striving for a four or five star rating must come up to these standards, which are also very important from its marketing perspective. (Anderson, 2001)

2.9 Marketing Concept

Business philosophy has experienced three major shifts during the history of commerce in the world. It has moved from a production orientation to a sales orientation to the current consumer orientation. Each of these philosophies has reflected the economic environment of its time.

From the early years of the country into the late 1920s, businesses had limited production capacity and continuous demand for their products. Under those circumstances, it was inevitable that the prevailing philosophy would be "produce as much as you can and it will sell." Business goals based on that belief naturally focused on production. Marketing concerns were limited to order taking and product distribution.

With the introduction of mass production in the late 1800s, the gap between production and the demand for goods and services began to narrow. By the 1930s, production capacity had caught up with and, in many areas, exceeded demand. In order to maintain

or regain production and sales levels, businesses adopted a sales oriented philosophy. This philosophy held that "if you do enough advertising, promotional activities, and direct selling, you can convince the market to buy all of your output." Initially, companies capitalized on the emergence of the radio as an advertising vehicle and the employment of large sales forces to reach prospective customers in new markets. In the 1940s, the introduction of television enabled them to expand sales efforts even further.

After the end of World War II, two forces combined to create an explosion in demand for goods and services. One was the pent-up demand for products resulting from wartime shortages. The other was the enormous added demand generated by the return of G.I.s who was establishing new homes and families. The spending boom caused by these forces was sustained by the baby boom and the increased standard of living that followed. At the same time, wartime production capacity and technological developments were shifted to civilian applications, production continued to increase, and new ventures were formed to take advantage of the opportunities.

The net result of all this economic activity was heavy competition for the consumer dollar. Businesses quickly came to realize that if they were going to get their share of those dollars, they were going to have to become more consumer oriented. This change in philosophy became known as the *marketing concept*.

Although this philosophy had been taking shape for nearly seven years, it was not articulated until it appeared in the 1952 annual report of General Electric. One widely used definition evolving from the report's description is "an organization-wide consumer orientation with the objective of achieving long-range profitability." As this definition implies, there are three parts to the marketing concept. They are:

1. *A customer focus:* The marketing concept begins with the premise that the starting point for business decisions is the customer's needs and wants. Those needs and wants are carefully researched and thoroughly analyzed. Then, goods and services are identified and/or developed to satisfy them.

2. *A profit goal:* The marketing concept dictates that goods and services made available by a business must be produced and sold at a profit. The profit objective is integral to the survival and growth of the business. Without it, the business would not be available to serve the needs and wants of customers.

3. *A total company effort:* Effective implementation of the marketing concept requires involvement of employees from all departments at all levels of the business. Training must be provided and employees must be motivated to achieve the common goals of maximum customer satisfaction and profitability.

Businesses that have embraced the marketing concept have found that it has had a strong impact on sales. They have also found that, in many respects, it has changed the way they operate.

Most of the changes in management practice have been related to changes in thinking inherent in the marketing concept. These include making decisions on the basis of customer needs and wants instead of production schedules and sales goals, viewing profit as an objective rather than an accounting outcome, and taking an active interest in *all* aspects of the business. Putting the marketing concept into practice has also forced managers to think through what they are going to do and their reasons for doing it.

Changes in marketing activities that have occurred under the concept involve both marketing strategies and marketing functions. Market research has become a prominent tool. Data gathered to determine customer needs and wants and to provide feedback on company performance has been put to use. Special attention has been paid to product quality and to targeting services, as well as goods, to customer preferences. The customer's interest has been designated as the first priority in all marketing activities. In selling, for example, helping the customer has been given greater emphasis than getting the sale. In addition, the search for innovative ways to reach and serve the customer has become an ongoing enterprise.

Changes in production brought about by use of the marketing concept, such as closely controlled inventories, have centered on efficiency. Changes in operations, such as extended hours and immediate delivery, have focused on convenient product availability. Additional changes in business practice have been aimed at cost control to give customers maximum value for the price they pay.

During The 1990s, attempts were made to improve on the marketing concept by extending it and broadening it. The effort to extend the concept involved combining it with total quality management (TQM). The intent was to take customer satisfaction to a higher level and meet customer's exact needs. This initiative met with limited success. Efforts to broaden the marketing concept expanded it to include social concerns. The assumption was that by addressing broader customer concerns (the environment, AIDS, etc.), along with basic needs and wants, customer satisfaction—and profitability—would also be expanded. Some companies have had success with this wider concept.

CHAPTER 3:- HYPOTHESIS

3.1 HYPOTHESIS # 1:-

COMPETITION IS THE DRIVING FACTOR LARGELY RESPONSIBLE FOR STRATEGY FORMULATION OF INDIVIDUAL HOTELS

3.1.1 Approach

In order to determine the authenticity of this hypothesis the overall competitive environment is judged at first so it is easy to know the strength of competition. Then with the help of PEST and PLC the key factors besides competition which play an important role in strategy formulation have been identified and their importance explained. In the end the result is given.

3.1.2 Hotel Industry's Competitive Environment

Hotels and lodging has emerged as an industry around the globe. This trend is increasing day by day and hotels have become a major part of any society's culture. As the pace of globalization increases, hotels must not only provide a place for guests to relax, but an efficient place to conduct business as well. The hotel industry is also playing an increasing role in land use, urban development and regional revitalization.

Increased demand in the hotel industry has inevitably led to greater competition. Accordingly, hotels need to prepare forward-looking marketing strategies that reflect a full understanding of market conditions. At a time when society is rapidly evolving and values are

diversifying, the requirements of hotel guests are clearly changing. The development of hotels that are in tune with the times and that have the required level of operational and service support is becoming an increasingly important factor in hotel management.

The hotel and leisure industry is highly competitive. Competition is generally based on quality and consistency of room, restaurant and meeting facilities and services, attractiveness of locations, availability of a global distribution system, price and other factors.

3.1.3 In Reference To Pakistan

The growing facilities being provided by the governement for tourists and also the increasing political importance of Pakistan in the region has helped a lot to increase the number of visitors. Although there is high level of political unstability in the country, and many incidents have occured that hamper the security of foreign nationals in the country generally and in the capital specifically, despite of all the security efforts from the government's side. The percentage of visitors declined to great extent after the 9/11 incident but it has again risen.

Other than the foreign visitors there is an increasing trend of the local customers to these hotels as well. Consumption patterns of certain social classes is changing with time. All this is helping to increase the competition in the hotel and tourism related indutries.

There are many small and big hotels present in the Pindi/Islamabad region which act as a source of competition.

Major Competitors in Pindi/Islamabad are:

- ✰ Pearl Continental Hotel Rawalpindi
- ✰ Holiday Inn Islamabad
- ✰ Serena Hotel Islamabad
- ✰ Best Western Regency Hotel
- ✰ Marriott
- ✰ Flashmans

3.1.4 PEST Analysis

The Pest analysis consists of an analysis of

1. Political
2. Economic
3. Social
4. Technological

It is very important that an organization considers its environment before beginning the marketing process. In fact, environmental analysis should be continuous and feed all aspects of planning. The organization's marketing environment is made up from:

1. The internal environment e.g. staff (or internal customers), office technology, wages and finance, etc.

2. The micro-environment e.g. our external customers, agents and distributors, suppliers, our competitors, etc.

3. The macro-environment e.g. Political (and legal) forces, Economic forces, Socio-cultural forces, and Technological forces. These are known as PEST factors.

Political Factors

The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses. You must consider issues such as:

1. How stable is the political environment?

2. Will government policy influence laws that regulate or tax your business?

3. What is the government's position on marketing ethics?

4. What is the government's policy on the economy?

5. Does the government have a view on culture and religion?

6. Is the government involved in trading agreements such as EU, NAFTA, ASEAN, or others?

Economic Factors

Marketers need to consider the state of a trading economy in the short and long-terms. This is especially true when planning for international marketing. You need to look at:

1. Interest rates

2. The level of inflation Employment level per capita

3. Long-term prospects for the economy Gross Domestic Product (GDP) per capita, and so on

Socio-cultural Factors

The social and cultural influences on business vary from country to country. It is very important that such factors are considered. Factors include:

1. What is the dominant religion?

2. What are attitudes to foreign products and services?

3. Does language impact upon the diffusion of products onto markets?

4. How much time do consumers have for leisure?

5. What are the roles of men and women within society?

6. How long are the population living? Are the older generations wealthy?

7. Do the population have a strong/weak opinion on green issues?

Technological Factors

Technology is vital for competitive advantage, and is a major driver of globalization. Consider the following points:

1. Does technology allow for products and services to be made more cheaply and to a better standard of quality?

2. Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, etc?

3. How is distribution changed by new technologies e.g. books via the Internet, flight tickets, auctions, etc?

4. Does technology offer companies a new way to communicate with consumers e.g. banners, Customer Relationship Management (CRM), etc?

It is important for all the hotels in the industry to clearly determine their strengths, weaknesses, opportunities and threats, in short that they carry out a SWOT analysis. It is also imperative that they are able to take into consideration the external factors influencing their business in Pakistan and abroad by carrying out the above mentioned Pest analysis.

3.1.5 Political Environment

The political situation in Pakistan has been through most of its existence very fragile, and it continues to be so. Since our independence we have seen 21 prime ministers in office with only one of them being able to complete his tenure. Along with that we have seen military dictatorship first in the 1960s and then in the 1980's In 1999 the current President of Pakistan, then the army chief installed a military coup leading to an army government again in 1999.In 2001 the referendum was held in which the army chief was selected as the president of Pakistan. There have been generally protests from the oppositions during all eras, in the form of strikes, walkouts from the parliament etc.

Then a big factor is the Kashmir negative aspect of all this for Pakistan has been in the form of the rising of the Islamic Militants.; This has led to explosions and two attempts made on the life of Gen. Pervez Musharraf which has been very bad since independence, it has lead to three wars until now, and off and on there has been tension with India due to this. In 2002 the situation again became so worse that it virtually led to war.

The war on terrorism following September 11th has created a new situation in the world, on one hand it has led to United States waging war on Afghanistan and Iraq and on the other hand Pakistan has become prominent on the international scene because of its support for the war on terrorism.

As the government keeps on changing very frequently, there is a constant change in policies implying that monetary policy and fiscal policy along with exchange rate keeps on changing, affecting the purchasing power of people and there ability to afford a service such as the one offered by the hotels.

Other than that the players in the industry have to consider that any long term decisions have to consider the fact that government policies can change frequently resulting in their decisions being adversely affected.

Another factor to consider is the tax on corporations, currently the tax rate for corporations is high; also the electricity rate is double for businesses. But the government

has reduced duty on the import of machinery which can serve as an advantage as many players have to import machinery on a regular basis.

The government in Pakistan does not have a very stringent policy on marketing ethics but while marketing all hotels have to consider religious norms and their ads should not depict anything which goes against our religious requirements. But otherwise the government is not very particular when it comes to a business stating its benefits in ads, and even if they are untrue the business does not suffer much.

Hence one can say that while formulating strategies, different hotels have to consider the overall political environment prevailing and the turn it would take in the future which could prove beneficial or harmful. Strategies have to be formulated which would be least affected by political factors.

3.1.6 Economic Environment

The economic factors of Pakistan also owe a lot to the political instability. The often devaluation of the Pakistani Rupee and the sudden bearish trends in the Stock Exchange also are troublesome for the investors. The investor obviously seeks stability in the economy so that even if he were suffering from losses, he'd not have to worry about the value of the Rupee.

On the whole the buying behavior of the Pakistani consumer has increased especially in the middle and upper classes. This is due to the mushroom growth of Multi Nationals in the country who have employed mostly middle class individuals and have showered them in cash. Definitely this has altered the consumption pattern of the individuals and has given the opportunity to spend as they wish.

Pakistan since independence has never had a high GDP per capita. In the 1960's Pakistan saw strong economic growth during the area of Field marshal Gen Ayub Khan, but the

population also increased a lot meaning that the Gross domestic product per capita did not increase by much.

In 1998 after Pakistan tested its nuclear weapons many sanctions were imposed on Pakistan by United States, This led to inflation and economic instability. Since the last five years we have seen some economic stability with our foreign reserves touching 11.2 Billion dollars.

The average income in Pakistan is very low and the elite class and the upper middle class which can afford to stay in a hotel like Marriott or Serena is not that much. However there is a chunk of our population which is abroad; these people can afford to stay in such hotels. But the implications for such hotels is in a way that they can not afford to have extremely lavish operations as is the case in the international hotel chains abroad.

Big hotel chains have to ensure that they acts as socially responsible citizens by investing money in building schools etc. Mrs. Hashwani has a school in Islamabad for educating special children, which shows that the owners are taking steps to ensure that they a\ct as socially responsible citizens.

Due to terrorism activities and the bad industrial infrastructure Investment is low in Pakistan. Hotels have to consider all this when venturing into a new project such as the opening of Marriott in Peshawar, which is an immensely sensitive area with a large amount of extremist elements present in that part of Pakistan.

The falling value of the rupee also has implications for hotels, it means that the purchasing power of Pakistanis is falling, meaning that Inflation will occur and lesser people will be able to afford a stay at expensive hotels. But the good point here is that Pakistan will become cheaper for foreigners and hotel rates will appear to be less for foreigners interested in traveling to Pakistan and marketing can be better targeted at such people, so as to increase revenues for the industry as a whole.

The government organizes various meetings and seminars which has guests from foreign countries as well as domestic speakers etc. e.g. the recently held Saarc Summit at Islamabad. This offers an opportunity for big hotels as the state guests usually stay at five star hotels among them which is Marriott, Serena, PC etc. The GDP per capita is also rising meaning that hotels would have an opportunity to target more people in the future.

Hence the economic growth rate, stability, spending power of individuals drives strategy formulation to some extent.

3.1.7 Social Environment

Socially Pakistan is a country full of variation. There are numerous cultures embedded in our society offering vast capacity for customization. Most of the population nearly 98 percent of it is Muslim, meaning that Islamic codes and customs apply. People in Pakistan have a lifestyle which is such that they don't have much time for leisure due to the stringent family system.

A vast majority of our population lives below the poverty line, and the elite class is only a small part of our population so the target market for hotels is very small.

Pakistan is also plagued by terrorism and off and on there are terrorist activities going on in Pakistan meaning that the business for hotels can be adversely affected if shops are closed and roads are blocked.

In Pakistan the trend towards hoteling and dining out has just started gaining momentum. Previously people liked to stay at their relatives' and eat at their homes rather than outside. The young generation specially likes to dine out so this group should be targeted as well as families for their dining outlets. Which ever hotel is successful at targeting this young generation can lead to them becoming loyal to the respective hotel resulting in a constant stream of revenues for them.

The trend of meetings is also increasing, meaning that businessmen have to travel a lot and due to shortage of time this stay is usually short and during that time they like to have a comfortable stay. Any player's main target market for its rooms should be these businessmen and families.

The concept of leasing is fast becoming popular with people being easily able to get cars on finance and lease. The target market of hotels is already from the upper class meaning that they will get even bigger cars through leasing. At most hotels there is an inherent problem of parking, as the parking areas are small and get really dark at nights. These hotels need to build bigger parking lots with proper lighting.

In Pakistan the culture is such that women don't travel alone so much, so hotels have to cater more to male guests and families than individual women.

Another social change in Pakistan is the trend towards having big weddings comprising of many functions including the Mayoun, mehndi, shaadi etc. Players should concentrate on this and offer packages to their customers in a bundled form meaning that special rates should be given if all the functions are at one hotel. Special decoration and catering services should be provided according to differing tastes of customers. To an extent Marriott is doing this as well, by offering decoration services etc.

The pop industry in Pakistan is doing extremely well, with many established singers and upcoming singers releasing their albums off and on. The trend of concerts and live performances is a rage in Pakistan. Teenagers and old alike pay huge amounts of money to see their favorite singers perform live. Hotels organize concerts and ghazal nites to cater to this trend. The concerts are a lavish affair with food often served as well.

Apart from that special events such as Basant, ,Valentine's day, Eid , Independence day offer opportunities for hotels to organize special events , melas etc. Food festivals are another thing which is liked by the target market of most hotels. Chinese, Pakistani, Thai food festivals are among some of the festivals which have been held by various hotels.

These days designer wear is the fashion in Pakistan. Many designers of both jewellery and clothes have their exhibitions at Marriott and others; examples include Shafaq Habib's designer jewelry, Mussomari Lawn exhibition, Khalid Waheed's designer lawn exhibition. These upcoming designers offer more publicity for hotels and also greater revenues.

Therefore, when devising future course of action any hotel has to keep in view the norms, culture, acceptability, events, the class it is trying to target so that the course of action leads to desired results and not be rejected.

3.1.8 Technological Environment

 After the Information Technology boom in the country, there was a lot of awareness about different sorts of technology in Pakistan, especially amongst the youth of the country. It varied from knowing the hardware and software of a computer, to the awareness of the electronics behind it or the technology involved in the telephony industry. All of this owed to an increase in the awareness of technology in the country.

However, Pakistan is a country which has a low literacy rate, people here are not very educated and as a result of that not very technology savvy as well. Internet usage is gaining pace in Pakistan only recently but many of the people don't know how to use the internet and most of the population does not have access to computers.

Most hotels simply cannot rely on the fact that most of their booking would be done online. However many business men and the people living abroad do book their rooms on line, and this facility is available on the Marriott hotels website along with others. In order to encourage people, special rates should also offered if someone books rooms online.

People in Pakistan are not very technology savvy so hotels cannot expect that people will be willing to accept the concept of self check in, which is very common abroad.

Technology has helped hotels in away that now their websites offer news and information as well as booking details about them , meaning that some of their customers are able to book and communicate with the people at these hotels online.

Technology has also changed the way hotels keep a record of their customers and employees. Now a proper database is maintained online which has the details of the number of customers visiting every month and the resulting revenue generated from them. Also a database of employees, their respective salaries, their leave dates etc is also maintained. Although a manual file is also maintained but this way all the data can be accessed by certain employees across all hotels of a brand in Pakistan.

Hotels such as Marriott follow a centralized distribution system for main products such as furniture etc. Internet, email and fax have revolutionized this as time and energy is now saved.

Technology has also enabled players to get better feedback from Customers through their websites, the opinions can be easily analyzed and solutions to the problems can be found quicker resulting in more customer satisfaction. Hence strategy formulation includes how much to invest in technology, which technology to divest and so on.

All in all the external environment is kept in view while devising strategies as it would determine whether the player would be able to survive in the market or not. A policy which is not in vogue with the above mentioned factors would very likely fail as it would clash with these factors and hence lead to losses.

3.1.9 Product Life Cycle

Figure 2
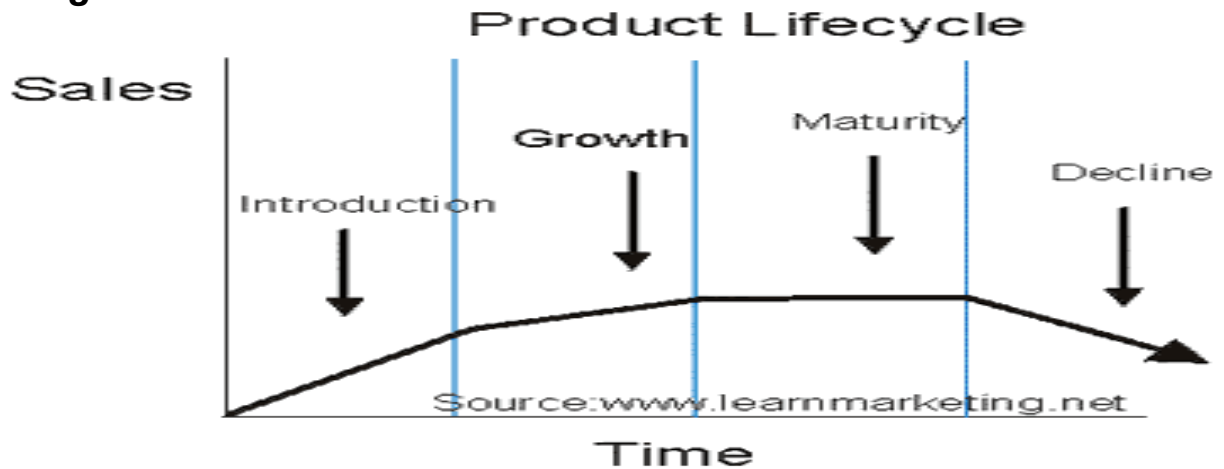
It's clear the concept of life cycle stages has a significant impact upon business strategy and performance. The Product Life Cycle method identifies the distinct stages affecting sales of a product, from the product's inception until its retirement. Cash Flow allows a company to maintain viability, invest in new product development and improve its workforce; all in an effort to acquire additional market share and become a leader in its respective industry.

(http://www.valuebasedmanagement.net/methods_product_life_cycle.html)

If we look at the hotel industry of Pakistan, we can see that it is in the growth stage. This is because there is a lot of attractiveness for new entrants to enter the market and the profits for existing players are rising. The industry is growing at a fast pace where new things are introduced at quicker rate and are readily accepted in the market. The Growth stage is also characterized by sustaining marketing activities on the vendor's side, with customers engaged in repeat purchase behavior patterns. It is yet quite some time when the industry would reach the maturity stage.

3.1.10 Analysis

The product life cycle has been used to identify what stage the industry is in. This is because the growth rate of the industry in which the firm is in and the stage of life cycle in which it is in has a significant impact on strategy formulation. For example if the industry is in the growth phase, many new entrants enter which means that the existing players have to develop strategies keeping in mind that industry attractiveness is high and they have to take appropriate measures to reduce this threat.

Apart from the industry life cycle, there is the life cycle of the brand itself. It happens many times that the industry is in the growth phase but the brand moves to the maturity phase or vice versa. In such a situation the strategy would be to launch brand extensions or to try to introduce new product lines which would then be in their introduction phase and due to that the hotel would be able to sustain its maturity stage.

Hence the PLC analysis depicts that the stage of the life cycle the industry is in and the stage in which the individual brand is in is another important factor which plays a role in strategy formulation.

3.1.11 Result:-

The hotel industry is functioning in a highly competitive environment where a constant eye has to be kept on competitor moves, their promotions, competitive strategies and relative market share. However while any major player formulates a strategy as to how to compete and be successful in the industry; competition is not the only aspect that is considered. It is a general perception that competition can damage one most in this industry and can take away market share if not handled properly. Where this statement is true to a large extent, it has to be understood that there are other factors which play an important role in strategy formulation. This consumer perception regarding competition exists because to the naked eye or a person consuming a service competition seems the only factor that plays a role in deciding individual moves. This is because a consumer

cannot see the external elements in the overall environment which if not managed properly can have negative effects. That is why while competition is an integral part in strategy formulation i.e. studying competitor moves, what they are doing and how to counter act them there are also other elements.

The main reason for this is that every hotel while present in an overall broad environment where competition plays an important role has its individual dynamics as well. Even external factors which have been mentioned above do not affect every player in the same way. That is why along with competition every player has to formulate a strategic vision and plan according to how these elements are affecting it which would be unique for every player depending upon their core competencies, areas of strengths and weaknesses.

Hence we can safely say that competition is one of the many factors considered while formulating an effective strategy and definitely not the only or driving factor. Therefore, the hypothesis is proved wrong.

3.2 HYPOTHESIS # 2:-

CONSUMERS BENEFIT MOST DUE TO INTENSE COMPETITIVE RIVALRY

3.2.1 Approach

For this particular hypothesis the approach that has been adopted is that Porter's Five Forces model has been used in order to analyze the competitive rivalry that is existing between different hotels. Then the role of competition and how consumers view it has been stated. This is because the hypothesis is relating to consumer perceptions and how they benefit as a result of rivalry. Thus in order to understand whether consumers really do benefit or not, it is essential to understand the science of competition prevailing in the hotel industry. After this, the areas where hotels compete and service areas of major players have been identified in order to indicate that these competitive areas and services provided by hotels are actually the benefits customers are getting although hotels are doing so to reduce each other's competitive threats. This is how this hypothesis has been proved.

3.2.2 Porter's Five Forces Model

Figure 3

Threat of new entrants

Bargaining power of suppliers

Competitive rivalery within the industry

Bargaining power of customers

Threat of substitutes
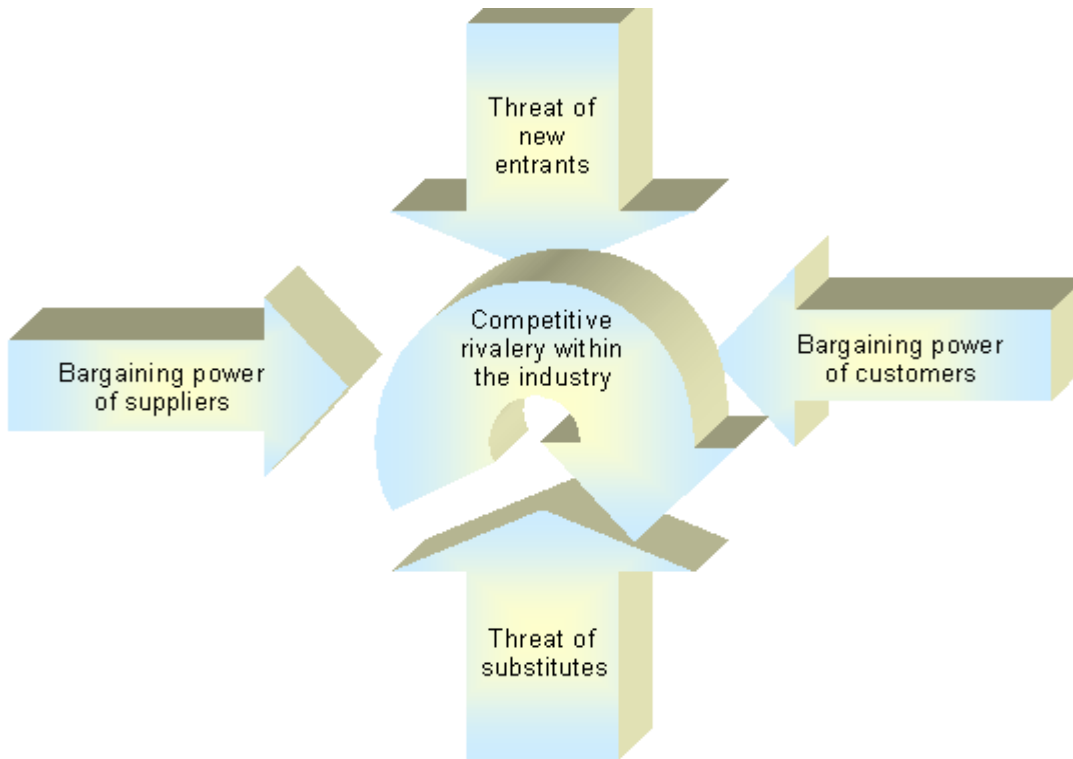
(http://www.themanager.org/Models/p5f.htm#_Toc516553133)

Porter's five forces model is significant in the sense that it is used to examine the competitive environment that prevails in the industry.

Competitive Rivalry Among Existing Firms

The competitive rivalry among existing firms is high and intense. This is because all the four and five star hotels are fighting for the major chunk of the market pie where most of their customers are the same. This is also because there are very few players in the

market and one can count them on their finger tips. The competitors keep an eye on each other's activities and introduce measures to ward off the competitor's moves.

Bargaining Power Of Buyers

The buyers in this case are the customers of hotels. Bargaining power of buyers is very low or negligible. This is because in such hotels which are providing high class services, buyers cannot negotiate. This may be simply because it has never been done or because of the reason that people find it embarrassing to bargain in this case. There are also more buyers in this case and good quality service providers are very few.

Bargaining Power Of Suppliers

The suppliers of the existing players are not in the position to bargain. This is because there are very few hotel chains which truly have established brand names. If the suppliers tend to dissatisfy them, they can easily move on to the other supplier. This is because there is an excess of suppliers as compared to buyers. Most suppliers have to compromise on their terms and conditions. The industry leaders however tend to form long term strategic relationships with their suppliers which is beneficial for both sides.

Threat Of Substitutes

The threat for substitute products is low as the target market is the elite class, the business class and the foreign and govt. official class. These classes hardly stay in or switch to 4 star hotels and that also in the case where there is no availability of a 5 star hotel. The threat from the substitutes is in general minimal. There are no other players in the market for the time being or rather any other service which can satisfy the specific set of needs which Marriott, Serena or PC is satisfying.

Threat Of New Entrants

New entrants and especially FDIs are now entering the hotel industry of Pakistan. This is due to the many incentives being given by the government and opening up the hotel industry as a potentially strong market for investment. With the new entrants and foreign hotel chains, the competition will definitely become more intense.

3.2.3 Analysis

From Porter's five forces model, it is clear that the competition is very intense and rivalry high. Hoteliers are well in the position to dictate their own terms. The interesting thing to note here is that although they can do so in many ways but due to the rivalry the players adopt new strategies to ward off competition and this is how consumers end up benefiting.

3.2.4 Competition Has A Role To Play

Competition creates a spur for companies to innovate, improve efficiency and drive down prices. This is good for consumers and for the competitiveness of the industry. The Government should be therefore committed to driving competition where this is possible.

3.2.5 Competition As Seen By Users

Competition among players is always good for them as well the customers. The question is raised as to how, and where, competition benefits the user. Some of the major benefits are generally accepted to be:

- ☆ Lower costs
- ☆ Greater efficiency

☆ More innovation

☆ Expanded supply and

☆ Better customer service

3.2.6 Barriers to Competition

The introduction of competition is not a simple process. There are many barriers to overcome. These include:

☆ Anti-competitive behavior by existing players

☆ High market entry costs for companies who would like to participate

☆ Government regulations, practices and costs

☆ Regulatory uncertainty and

☆ Vested interests concerned with maintaining the existing situation.

Regulators need to appreciate the forms in which barriers to competition manifest themselves and the manner in which they can be overcome.

3.2.7 Requirements

To achieve the successful introduction of competition, countries tend to take the following actions:

☆ Liberalisation of trade by encouraging competition;

☆ Deregulation of markets, thus eliminating distortions caused by government regulations;

☆ Formulation of investment policies and trade policies with competition in mind;

☆ Formulation of policies that positively invite new players into markets;

- ☆ Increase the ability of suppliers to compete in their chosen markets;

- ☆ Promotion of transparency in competition policy;

- ☆ Application of pro-competition regulations effectively; and

- ☆ Application of pro-competition principles to policy-making.

3.2.8 Major Areas For Competition

The major areas for competition have been identified below. Although they may seem simple factors on which competition takes place but if analyzed deeply one would understand that from the consumer's point of view, these are the benefits resulting from the rivalry or competition.

Location

Location of the hotels counts a lot for attracting customers, closer it is to the customer's convenience point more is the margin of profit for the Hotel. Pearl Continental Hotel in Pindi lies much closer to the airport of the city which gives it an advantage for the customers from areas other than Pindi, as compared to other Hotels like Marriot and Holiday Inn which lie at a much greater distance from the airport, thus having much less chances for attracting foreign customers.

Another thing which is counted here is the charm of the place itself for the customer, Pearl Continental Hotel in Pindi has a lesser degree of gaining attention from this point of view. Customers tend to be attracted more by Marriot and Serena because of their location in the capital city where they can find important offices and other areas of concern in close proximity, this advantage is not available to Pearl Continental Hotel.

Online Reservation System

Online reservation system provides customers an ease of getting the halls booked and getting assurance for the probable event that is going to be held in the selected Hotel. Almost all five star hotels provide this service for customer convenience, including PC and Marriot. Considering this area competition lies in the availability of services, which requires proper scheduling for the events being held at the selected place. With the non availability of the services at the time of customer requirement tends to loose them resulting in declining profits.

Halls And Banquets

For arranging events a major area of concern is the place where the event is going to be held. In this particular filed there come a number of options for competition.

Reliability And Standard Of Services

Reliability of the services provided is of core importance, the standard of services should be maintained while arranging each and every event. Thus a prime importance should be given to the upholding of the quality of services being provided. Both PC and Marriot hold a large amount of fame regarding their services and reliability.

Rates & Charges

The prices offered by the hotels are a final point of decision for selecting the place. As a basic principle every company would seek maximum possible value in least amount of costs to assure their profits. In that case a strict form of competition lies for providing customers with maximum value as well as confirming their own profits. The management has to plan in accordance to the services provided. They can do it by minimizing costs,

for example, in terms of the availability of services as provided by Pearl Continental, where they can divide the hall into three portions thus accommodating more customers also with varied set of needs.

3.2.9 Service Areas Of Major Players

After a general analysis of the areas hotels compete in, the service areas of major hotels have been identified. This has been done as the hypothesis says that consumers benefit from competitive rivalry. In identifying these areas by the major players and seeing how they try to distinguish themselves from competitors it becomes evident that as a result of this the consumers are offered better services, luxury and greater choice where ever they go. How it is done is different for each hotel but it is clear that as a result of trying to create its individuality and not being lost in the clutter of competitors, hotels actually end up providing increased benefits to customers especially in terms of services. Individually hoteliers are competing and creating distinguishing factors which lead to their service improvability on different dimensions. The major players offer the following services and try to create their mark.

3.2.10 Serena

Main Features

Accommodation

Total guest rooms: 105. Interiors inspired by the rich Punjabi and Swati cultures reach their fullest expression in the elegantly furnished hotel guest rooms. Within these luxurious surroundings are found the most modern amenities. Each room enjoys views overlooking the Margalla Hills or Rawal Lake.

Guest room amenities

Flat screen televisions with satellite and in-house video channels, direct dialing telephones, Internet and e-mail facilities, Radio, Electronic safes, Air- conditioning, Bathrooms with bathtubs and separate shower and Hairdryers.

Restaurant

Following restaurants are present at Serena Hotel.
- ☆ The Zamana Restaurant and Coffee Shop
- ☆ The Rakaposhi Restaurant
- ☆ The Nazara Restaurant
- ☆ The Pool Bar Restaurant

Recreation

Recreation facilities being provided at Serena include the following:

☆ The health club with the ancient designs of Moorish baths, is resurrected in a modern structure and houses separate areas for men and women

The health club also has

☆ A service center, featuring a steam room, dry heat and sauna and state-of the-art exercise equipment. Massages are available also.

☆ Swimming pool

☆ An open kitchen

Meetings And Conferences

Business and social gatherings are expertly accommodated at Islamabad Serena Hotel. Six, purpose-designed, meeting rooms are available for conferences, receptions and banquets – large or small. Each room is equipped with the latest audio-visual equipment. In addition, the Grand Ballroom is able to accommodate 1000 people, or a sit-down dinner seating of 800 guests. Rooftop banquet and main lawns are also available.

The multi-lingual staff of the Business Center is available 24 hours a day to meet the wide-ranging needs of their guests. The Center is equipped with personal computers; fax machines, direct-dialing telephones, and Internet and e-mail facilities.

Departments

- There are four main departments in this hotel. These are,
- Human resource department
- Food & beverages department
- Housekeeping department
- Security department

Besides these it has two other departments. Namely

Front office & Finance.

Products & Services

 Serena Leisure

Whether you enjoy playing tennis, walking along dry riverbeds of ancient canals, climbing to the base camp of Mount Rakaposhi or shopping for traditional artifacts, Serena caters for all tastes. With hotels located in six cities set in rugged mountains, green terraced fields or on the legendary Silk Route, there is something for everyone.

Serena Culture

Pakistan is a country of many different traditions and breathtaking landscapes. Its people come from a variety of ethnic groups and religions. Their cultural heritage dates back more than 5000 years and little have changed in the way they live their daily lives during this time. The philosophy of Serena Hotels is to protect these people and their environment whilst ensuring hotel guests have a memorable stay in the group's exclusive hotels.

Serena Meetings

If you are looking to hold a conference of meeting in a very exotic location then Serena in Pakistan has the perfect answer. All Serena Hotels are able to provide excellent conference and private dining facilities. Meetings can be held in, for example, the bustling capital city of Islamabad overlooking the Margalla Hills and Rawal Lake, in Hunza with views over the snow-capped peak of Rakaposhi.

Serena Active

Serena provides tailor-made experiences and excursions for those with a spirit for adventure. Managed and supervised by professional guides to suit your individual or group needs there is something for every one of all age groups. Personal programs and

activities include mountain climbing, hiking, jeep excursions, skiing and horse riding. Each Serena location offers an invigorating and unique experience in this magnificent country. Swat at the foot of the Hindukush Mountains.

(Serena brochure)

3.2.11 Marriott International

Diversification Through Brands

There are 482 Marriott Hotels & Resorts locations worldwide; among which 312 are located in US, while there are 170 international hotels. Marriot is the flagship brand of quality-tier including full-service hotels & resorts. It provides consistent, dependable, and genuinely caring experiences to guests on their terms.

Marriott Lodging operates and franchises hotels under the following brands:

- ☆ Marriott Hotels & Resorts
- ☆ JW Marriott Hotels & Resorts
- ☆ Renaissance Hotels & Resorts
- ☆ Courtyard by Marriott
- ☆ Residence Inn by Marriott
- ☆ Fairfield Inn by Marriott
- ☆ Marriott Conference Centers
- ☆ TownePlace Suites by Marriott
- ☆ SpringHill Suites by Marriott
- ☆ Marriott Vacation Club International
- ☆ Horizons by Marriott
- ☆ The Ritz-Carlton Hotel Company, L.L.C.
- ☆ The Ritz-Carlton Club
- ☆ Marriott ExecuStay

- ☆ <u>Marriott Executive Apartments</u>
- ☆ <u>Marriott Grand Residence Club</u>
- ☆ <u>Marriott Hotels & Resorts</u>

Hotel Facilities

The hotel facilities at Marriot hotel Islamabad can be summarized as follows:

- ☆ On-site Restaurant
- ☆ 24-hour room service
- ☆ Coffee Shop
- ☆ Child care services available
- ☆ Hair salon/barber
- ☆ Concierge services
- ☆ Gift shop/newsstand
- ☆ Full business center
- ☆ Secretarial services available
- ☆ Safe deposit box at front desk
- ☆ Rental car desk: Pearl Tours
- ☆ Airline desk: Transair

3.2.12 Pearl Continental

- ✓ 200 guest rooms
- ✓ 30 satellite channels
- ✓ 24 hrs in-house movies
- ✓ International direct dialing
- ✓ Mini bar
- ✓ Exclusive electronic safes
- ✓ Mosque
- ✓ Airport pickup services on request
- ✓ Laundry
- ✓ Concierge
- ✓ Flower shop
- ✓ Travel agency
- ✓ Valet parking
- ✓ House doctor
- ✓ Authorized money changer
- ✓ Beauty salon for ladies & barber shop for men
- ✓ Banquet Halls
- ✓ Recreational facilities

3.2.13 Intercontinental Hotels Group

Holiday Inn Islamabad is working under the 'Intercontinental Hotel Group'. Different hotels, which are working under the umbrella of 'Intercontinental Hotels Group', are as under.

- ❑ INTERCONTINENTAL
- ❑ CROWNE PLAZA
- ❑ INDIGO
- ❑ HOLIDAY INN

- ❑ HOLIDAY INN EXPRESS
- ❑ STAYBRIDGE
- ❑ CANDLEWOOD

This Chain is spread out in 6 continents. Therefore, around the world Holiday Inns is a well-known name as it provides its customers' with many facilities/features to make their stay comfortable and enjoyable.

Physical Structure

It has four floors and basement with 121 guest rooms, 10 suites, 19 Non-Smoking Rooms & 111 Double-Bedded Rooms. . Three fine restaurants, tempting cocktail lounge, coffee shop, conference halls, gift shop, and gym. It also contains some rented out shops such as branch of National Bank of Pakistan, Airline offices, beauty Parlor etc. It also has parking area at the front of the hotel building. Basement consists of hotel's administrative offices', employees' cafeteria, laundry and kitchen. Main components of the Physical structure of Holiday Inn Islamabad are explained briefly as under.

Rooms (Accommodation)

- ❑ Standard Room
- ❑ Delux Room
- ❑ Suite Room
- ❑ Presidential Suite

Restaurants

Holiday Inn Islamabad has three Restaurants in its premises, every restaurant has its own set up with LCD screen type television to entertain guest with quality music(except Marquee). These restaurants are as follow:

- LAIBA
- Deewaniya Arabic Sheesha Café
- Roof top Restaurants (Marquee)

Banquets

o Sheesh Mehal
o Kehkeshan
o Chandni Hall

- Conference & Meeting Facilities
- Gift Shop
- La Patisserie (confectionery out let)
- 24 Hours room Service
- Same day laundry, dry cleaning service
- Currency exchange and credit Card facilities
- Safety Deposit Box
- Travel Desk(capital motors)
- Beauty Parlor and Barbershop
- Private meeting room
- Car hire
- Complimentary newspaper
- Two children (12 years and under) sharing the same room with their parents can stay free of charge
- In-house video channel
- Exercise room(Gym)Physical fitness for guests only
- Doctor on call
- Free parking for guests

- Airport, pick and drop upon prior flight information

- Check out time: 12:00 Noon

- Three hours complementary stay after check out time, if requested by the guests

3.2.14 Best Western Regency Hotel

This hotel has around 56 rooms, and it can accommodate upto 400 people in its meeting spaces.

Hotel amenities available are as follows:
- ☆ Restaurant
- ☆ Swimming pool
- ☆ Cocktail lounge
- ☆ Gift shop or newsstand
- ☆ Airport car
- ☆ Foreign currency exchange
- ☆ Conference services, etc.

Hotel rooms have following facilities in them:
- ☆ Cable satellite television
- ☆ Coffee/tea maker
- ☆ Refrigerator
- ☆ Desk/work area
- ☆ Mini-bar

3.2.15 Result :-

Competitive rivalry creates an environment of intense activities on part of competitors in order to gain the largest market share and increase their customer base. In industries where competition is scarce or not intense, players can market and prevail on their own terms. In other industries where competition is intense, the players have no choice but to play aggressively. This can be done in many ways. If we take the example of the telecom sector, we can see that with the introduction of new players and increase in competition the prices have been driven down to the point where customers never thought they would be. Due to increased competition and a heightened price war the part who is at the most benefiting end is the utilizer of the service. Along with prices new and innovative offers are also coming up at a very fast pace.

Same is the case with hotel industry. Although the major players can be counted on one's finger tips but they are large, experts in their own field and competition is heated between them. Hotels which are at the level of Marriott and Serena etc do not indulge in price wars as their image does not allow them to do so although at special occasions discounts are offered. The competition in this industry is on the basis of improved service quality, strong brand recognition and loyalty and market differentiation. In order to create this differentiation the hotel is bound to be aiming at the best in what it is doing. Hence when such competition exists, the customers end up benefiting though this benefit may not be seen in terms of pricing but it is there in many other ways stated above.

That is why when asked, the local consumers are more than willing for new entrants to enter the market. This is because they are aware of the fact that with an increase in competition service level, new promotions, special events etc. in hotels would increase and as a result they who use the service would not only be provided with more choice but a better level of service would also be offered to them even if they stay loyal to one brand. Hence the hypothesis is proved right.

3.3   HYPOTHESIS # 3:-

MARRIOTT IS THE UNDISPUTED MARKET LEADER

3.3.1 Approach

In order to determine whether the hypothesis is right or wrong, Marriott has been analyzed on different aspects with the help of various tools in order to verify whether it truly is the leader or not. First of all the importance of branding is stated so that one knows how important it is in determining the leadership position of a hotel. Once this has been established in the reader's mind then the importance of Marriott as a brand and how it has become so has been given. Perceptual Maps have been drawn in order to analyze how customers see competing brands. Through this Marriott and PC emerge to be No. 1 and 2 respectively. Therefore, their SWOT analysis has been done and compared to see which comes out to be stronger.

3.3.2 Branding

In order to understand Marriott as a brand, the nature and importance of branding has to be analyzed first.

The Power Of Branding

"The brand, it's not your logo…it's not your slogan…it is the heartbeat of your company; it is the one thing all your current and future clients think about."

In today's fierce competitive business climate, the difference between success and failure is often measured by the strength of a firm's brand. A brand is not born as a personality; it must be made into one. Achieving a powerful, unique brand personality requires more

than just sticking on a logo or brand name. The value of a brand does not lie in the company but rather is reflected in the minds of the consumers. These new conditions further accentuate the requirements for successful brand leadership. Interest in brands is a recent phenomenon Indeed; some people would argue that for a long time advertising agencies and marketing managers have been doing their best to convince each other that brands are a company's most precious asset. The brand is a focal point for all the positive and negative impressions created by the buyer over time as the buyer comes into contact with the brand's products or services.

A brand is simply a symbol, which distinguishes a company's product and certifies its origin and thus obtains its value through registration and conformity. The value of a brand comes in the minds of a large number of consumers. The brand is 'stocked' in the mind of potential consumers therefore the brand can be considered as an asset of the company. But what has led to the importance of brands? Brands exist only as soon as one perceives there is certain degree of risk involved. Consumers perceive there is less risk in buying low-involvement products but when they buy high involvement products then there is certain degree of risk. Therefore the problem for most consumers is that most products or services are opaque meaning that inner qualities of products or services can only be determined once they are consumed. Hence there is a need for an external indicator that would highlight the internal qualities of the products or services. Hence a reputable brand is the most efficient form of external indicator.
(http://kylemurphy.com/brand.htm)

Definition Of Branding

There is no specific definition of what a brand really is. Everyone has his or her own definition, for example:-
The Dictionary of Business and Management defines a brand as:

"A name, sign or symbol used to identify items or services of the seller(s) and to differentiate them from goods of competitors."

Walter Landor, one of the greats of the advertising industry, said:

"Simply put, a brand is a promise. By identifying and authenticating a product or service it delivers a pledge of satisfaction and quality."

In his book, 'Building Strong Brands' David Aaker suggests the brand is:

"A set of assets (or liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service..."

Also a brand can be defined as:

"A collection of perceptions in the mind of the consumer"

But brands by classical definition generally represent names, symbols, phrases, or peculiar combinations of them all. Brands give products or service a distinct identity. Most of the choices consumers make these days are brand based. Brands in essence have become the bearers of the way consumers yearn to live.

(www.sideroad.com/Branding/what_is_a_brand.html)

Valuation of Brands

It is generally believed that the value of any brand cannot be measured preciously, as it is an intangible asset. But there are some ways of identifying the brand's strengths. One way it can be estimated is through brand volumes and equity analysis. Then it can be measured by determining the brand's awareness among consumers. Also another element in measuring brand's strength is to look at the degree of preference or usage it generates. Another aspect to determine the brand's value is to figure out the loyal customers' i.e.

how much is the brand loved. So the worth of any brand can be calculated by adding up levels of awareness, preference and loyalty generated by the brand.

But before doing any analysis of the brand in terms of its financial value, it would be best to identify the brand image from consumer point of view and how has the organization identified the brand.

Figure 4

(http://www.marketingpower.com/content19457.php)
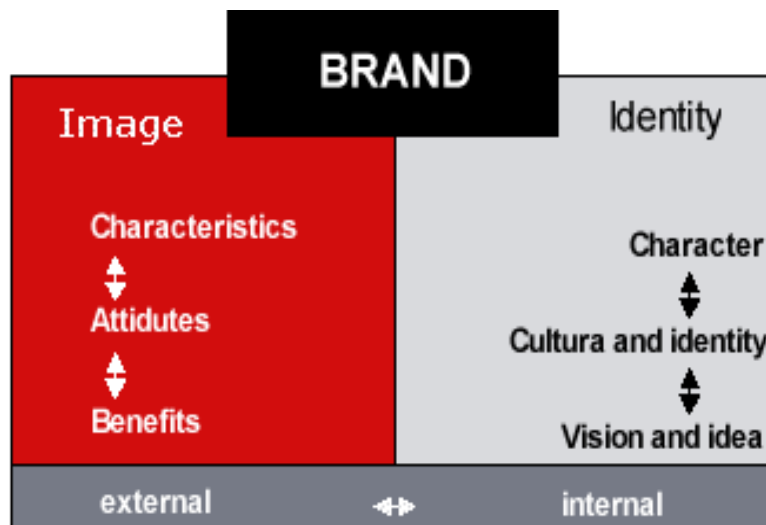
In the above figure, six important facets of a brand are illustrated. The left-hand side focuses on the external image of the brand and the right hand side focuses on the company's vision of the brand. The above diagram gives an idea of the aspects that both consumers and company thinks off in terms of the word 'Brand.'

3.3.4 Marriott As A Brand Today

What's in a name? Everything if you're in the hotel industry. Today's consumers are overwhelmed by a number of hotel choices that run the gamut from Pearl Continental and Serena Hotel to Holiday Inn and other hotels located in Pakistan. The proliferation of hotels has produced a lengthy list of brands.

As a result, the task of making a brand name stand out amid such a crowded field of competitors is both increasingly important and difficult. "I think major brand affiliation is very, very important. Whether it's a meeting planner or a consumer, people are looking for a brand they can trust," says Jane Mackie, Vice President and Brand manager for Sheraton Hotel in Atlanta. The challenge for hotel companies is making sure customers know who they are, what services and amenities they offer, and what values and prices to expect. The next step is growing that brand awareness, and ultimately boosting loyalty through repeat visits. Thus major hotels are making an effort to identify themselves to the traveling customers about the brands that are available.

Marriott is a leading worldwide hospitality company with nearly 2,800 operating units in the United States and 69 other countries and territories. What started off as a nine-seat root beer stand in Maryland in 1927, Marriott is now a leading worldwide hospitality company with system-wide sales last year totaling $19.8 billion. Marriott landed in the No. 186 spot on Fortune magazine's Fortune 500 list.

For the first quarter of 2001, Marriott's lodging sector reported operating profits of $223 million, up 10 percent from $203 million the same period last year. Sales growth rose to $361 million during the first quarter, a 12 percent increase from last year's $307 million during the same period. The results reflected the additions of 64 hotels and resorts to the company's worldwide portfolio during the first quarter, strong performance at the company's international properties, and higher profits in the vacation-ownership business.

With 2,163 hotels in 59 countries (as of June 2001), Marriott's broad portfolio of brands holds a 7.5 percent market share of hotel rooms in the U.S., and slightly more than 3 percent of the $300 billion worldwide market. J.W. Marriott Jr., chairman and chief executive officer of Marriott International, and son of its founder, says Marriott hopes to increase its portfolio to 2,600 hotels and nearly 500,000 rooms. Marriott also expects to manage or franchise a hotel in every gateway city in the world encompassing 70 countries – in the next four years.

(http://www.pacificislands.cc/pm92001/pmdefault.php?urlarticleid=0008)

In Pakistan, Hashwani Hotels Limited operates two Marriott hotels. They are located in Karachi and Islamabad. It all began in October 1982 Marriott International Inc. showed interest in granting franchise to Hashwani Hotels Limited for operating these hotels under Marriott Brand. That was indeed an occasion of pride and honor for Hashwani Hotels limited as it was for the first time in the history of Marriott Corporation that a franchise was given to hotel without management agreement.

Marriott is known worldwide for its array of outstanding brands. The brands range from Fairfield Inn to Residence Inn and The Ritz-Carlton etc. Marriott is a corporate brand, it is identified as:" the most trusted name in hotels, renowned for its 'spirit to serve,' its consistent quality and its genuine care. At Marriott one experiences a new dimension of luxury in a hotel with exquisite architectural detail, the finest dining, and gracious sophistication. Marriott delights your senses and inspires your imagination.

Marriott brand identifies itself to be synonymous with the services they offer. The assets of Marriott include its committed human resource, its ideal location, and the features offered at each hotel.

Marriott is a flagship brand of quality-tier, full-service hotels and resorts. It provides consistent, dependable, and genuinely caring experiences to guests on their terms.

The culture promoted by Marriott is driven by its core values, which are fundamental ideals of service to associates, customers and community. Marriott is committed towards innovation, growth and development of employees and the company as well as trust and recognition and rewards are promoted within Marriott culture.

The characteristics, culture and vision all support the Marriott brand. The above points give and idea about how the company has supported its brand by focusing on delivering what they have promised.

The image of Marriott in the eyes of consumers is determined by the characteristics, attitudes and benefits they perceive that Marriott provides them. Consumers like to avail the facilities of Marriott Hotel because; the hotel lives up to its promises. When one thinks of Marriott the dimensions that come to mind are:

- Quality
- Human Resource
- Service-scope
- Service offerings etc

The above stated dimensions can further be evaluated by keeping in view reliability, responsiveness, assurance, empathy and tangibles. Consumers view Marriott as a high service quality provider. Since the company is customer concentric and is doing its level best to establish relationship with the customer on a long-term basis. The company can gain a strong competitive advantage through having better-trained people. Marriott enjoys an excellent reputation in large part because of its personnel. Marriott employees exhibit six characteristics that are competency, reliability, and credibility, responsiveness and understanding the customer and communicating clearly.
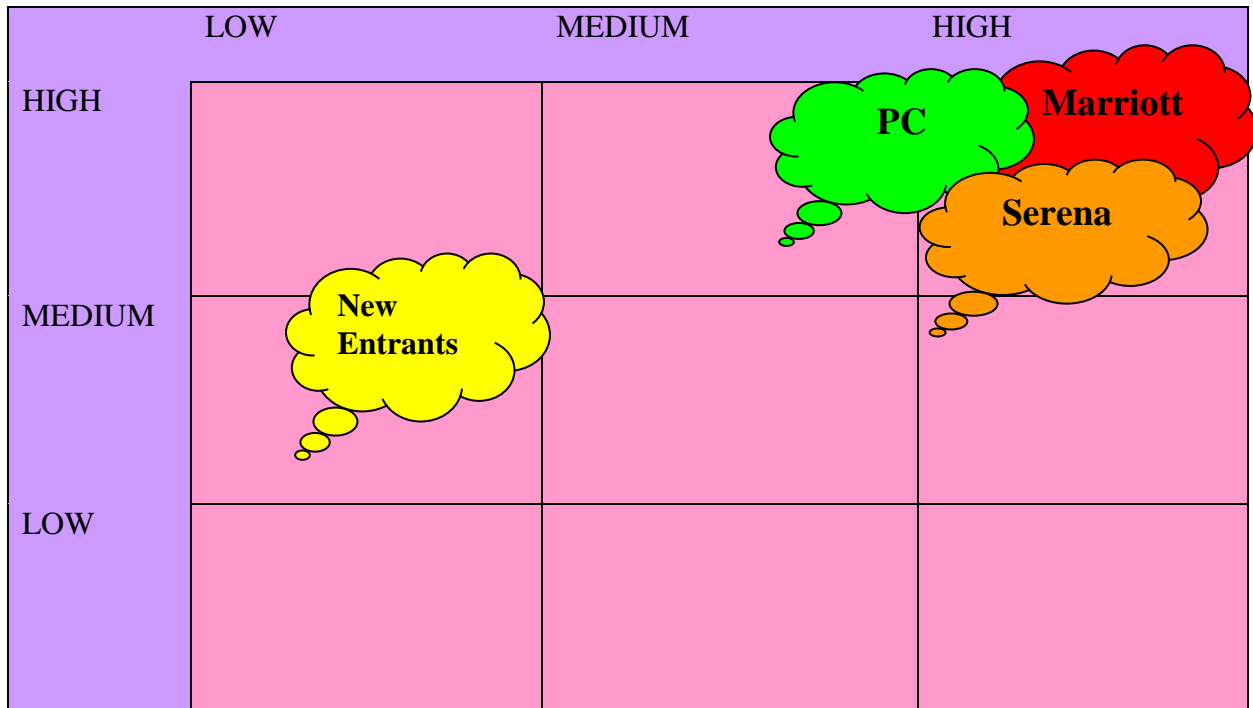
Hence the customers trust Marriott for providing reliable service that falls close to their expectations. The employees are also responsive in answering queries and are informative whenever required. Hence one is assured that Marriott will rank high in satisfying customer needs. The physical attributes visible when one enters Marriott hotel is up to the mark as stated earlier when defining the Marriott brand. Since Marriott is targeting the higher strata of society thus the attitudes that they receive are of being a luxury brand. Therefore customers expect a lot more in return. They want peace of mind when dining at Marriott and to be able to get reasonable value for the money spend. In the later run, customers expect discounts and other rewards and benefits that would delight their stay at Marriott. Hence when one thinks of Marriott, one can count on its unique blend of quality, consistency, personalized service, and brand recognition.

3.3.5 Market Attractiveness

The market attractiveness can be seen from GE's matrix.   ***Figure 5***

	LOW	MEDIUM	HIGH
HIGH			PC Marriott
			Serena
MEDIUM	New Entrants		
LOW			

Market Attractiveness

(http://www.valuebasedmanagement.net/index.html)

It is clear from the above analysis that in terms of brand and with respect to competitive position, Marriott is the leader.

3.3.6 Competitive Positioning

Competition is not an easy proposition to handle. It has its own characteristics may it be a healthy competition or cleavage. Pressure mounted on the players is enormous and those who cannot bear the pressure are wiped out from the competition. In management there is a very important concept and that is developing competitiveness by establishing core competences and building around these competences crate a competitive advantage. It is

such armor for corporate warfare, which could not de imitated. For companies competing in service industry, positioning matters a lot and it is carved out on the canvas by the image a company portrays. All companies, which are considered to be great, may not be good producers in terms of quality but it is vested in the image they are considered and attract customers.

3.3.7 Perceptual Positioning

Perceptual positioning is the vivid way to paint the picture of where the products and the brand are located in the consumer mind. This positioning strategy is the fundamental part of a company's marketing effort as it uses the element of marketing mix i.e the product design, its price, distribution and marketing communications to influence the customers interpretation of its meaning. Or we can say that a perceptual map is a two or three-dimensional illustration of customer's perceptions of competing products comparing select attributes based on market research.

It is logical to expect that consumers would react differently to different categories of brands. For evaluating a scenario in a foreign country where international, national and private brands are important players in the market. In such a situation, it is very important for marketers to understand consumers' perceptions of these international, national and private brands. It will allow them to understand consumer needs and thus to position these brands better against the backdrop of differences in perceived product quality, price, prestige etc. This whole issue becomes even more important when the market environment is characterised by a rapid exposure of consumers to international brands in the presence of substantial cultural differences among the population.

In order to develop the brand positioning there are many dimensions that are involved in it. If we consider the hotel industry, these would include like:

- Lifestyle of the consumers who are using their services.

- Price Leadership of the bigger fish. Some are priced higher than competitors while others have comparative prices.

- Attributes that are associated with the service. For Serena more emphasis is on the status of the consumers.

- Service Class telling some information related to service as Holiday Inn has introduced itself reliable at the family setting.

- Competitors of that product/service.

- Major Occasions on which the consumers like their presence.

- Last but not the least the service quality.

3.3.8 Perceptual Mapping

Customer perceptions are the acid test of whether benefits are delivered. A product may meet objective performance criteria, but a company only "gets credit" if customers perceive that the product delivers the benefits that they are seeking. Analytically, the primary positioning tools are called perceptual maps.

Perceptual maps are based - as the name implies - on customer's perceptions of the benefits that brands deliver. The maps are visual representations of competitive brands (or products) plotted along dimensions that capture the most important attributes in the purchase process. The maps reveal brands' positions relative to each other, and relative to customers' ideal points.
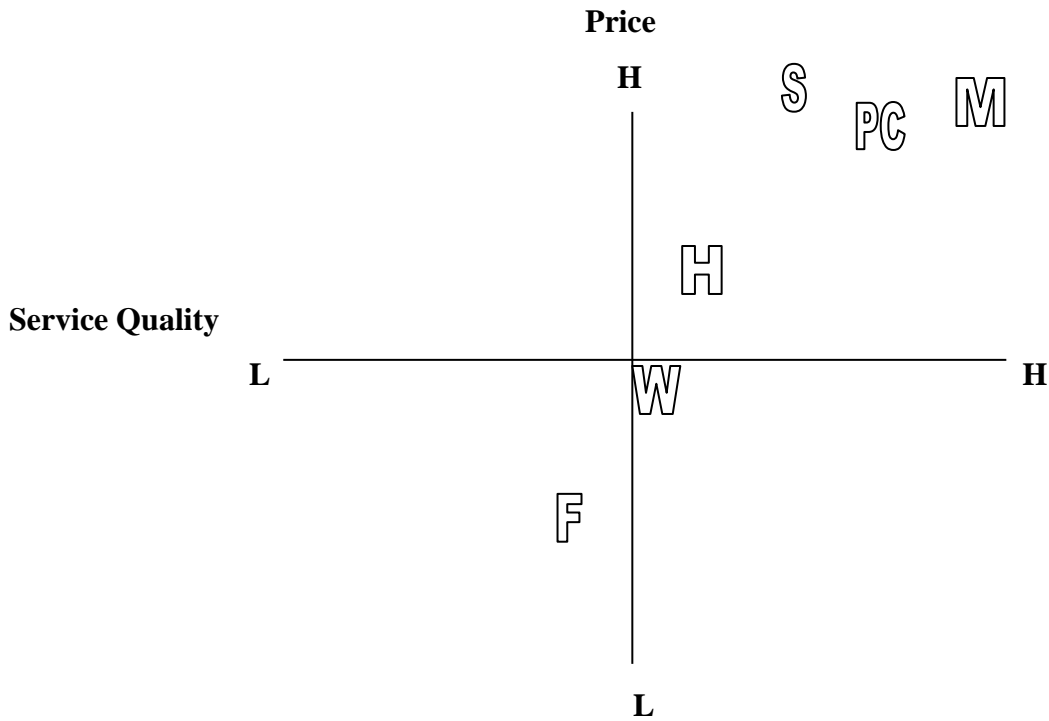
Three perceptual maps have been sketched for this case and the attributes are;

- o Price vs. Service Quality
- o Awareness vs. Brand Image
- o Expectations vs. Value

The position of following competitors will be plotted on the map

Serena	S
Marriott	M
PC	PC
Holiday Inn	H
Best Western	W
Flashmans	F

Perceptual Map 1:

Price

| | | H | | S | PC | M |

Service Quality

L ——————————————————— H

W

F

L

Explanation

This perceptual map has been drawn between the quality of service provided by the hotels and the prices they charge for their services. Serena has the highest prices among all with Marriott close to it while the price level of PC is lower to both of them. The quality aspect of Marriott rates highest and Serena's quality level is not as good at Marriott's. PC however falls between the two. Marriott has a price level lower than the three players and so is its quality. However the quality level of Best Western is not very far away from Holiday Inn while its prices are lower to that of Holiday inn. Flashmans rates the lowest on both elements but according to the prices it is charging, the service level is compatible to them.

Perceptual Map 2:

The map between the attributes of Brand awareness and Brand Image is given below:

Awareness

H

H

PC S M

Brand Image   L ———————————————————— **H**

W

F

L
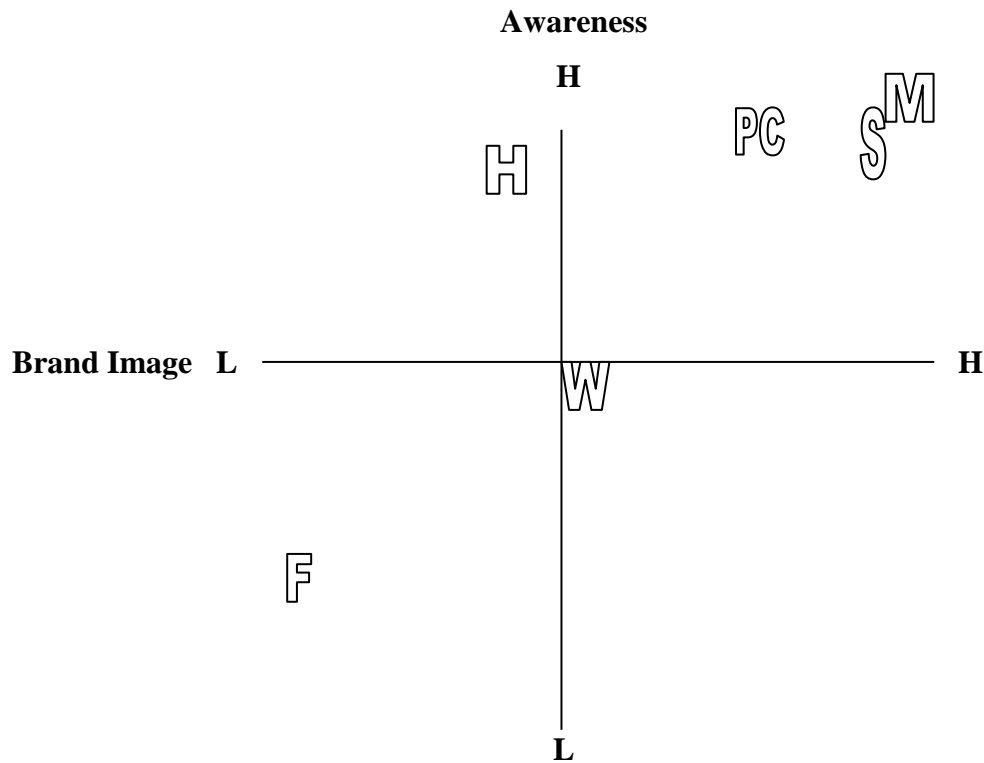
Explanation

Marriott rates highest on the brand image dimension and its awareness level is also highest. People know what the brand stands for and what to expect from it. Serena's brand image is lower to that of Marriott and PC's image is lower to Serena. However the awareness level of both PC and Serena is almost the same. Pc is just slightly lower to Serena. Then comes Holiday Inn with a little lower awareness but the brand image is quite lower to that of the first three players. Best Western has a good level of brand image but due to lesser branches, it ranks low on the awareness level. Flashmans ranks lowest on both aspects.

Perceptual Map 3:

Value Delivered

H

PC　M

S

W　H

Expectations　L ———————————————————— H

F

L
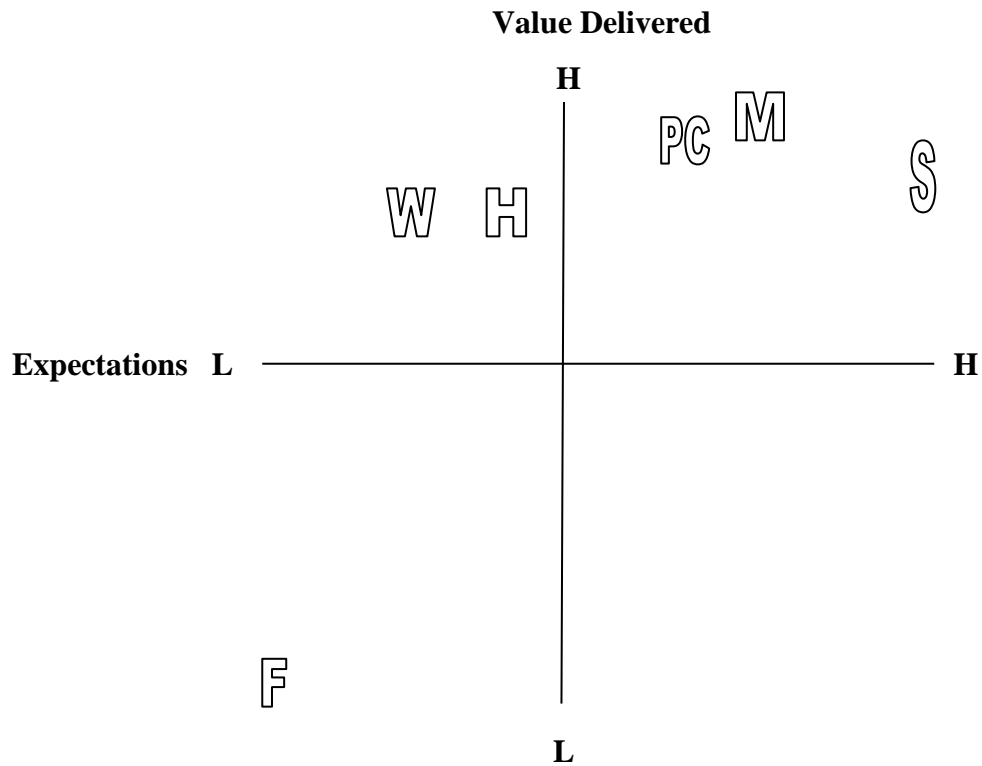
Explanation

People generally tend to have certain expectations from the brand. These are developed through all the brand communication strategies. When consumers come in actual contact with brands, there are times when these expectations are met while at times brands deliver less than expected. This meeting or exceeding expectations is based on value delivered by the brand. For example, Serena is the brand which has the highest expectation level but the value delivered by it is not as much as expected from the brand. Similarly, PC has lesser expectation level than Marriott and so is the value delivered but it is more than Serena. Marriott has the highest expectation level and the value delivered keeps up with the promise. Holiday Inn has a lesser expectation level than the first three but the value delivered matches its expectations. Best Western has a lower expectation

level than Holiday Inn but the value delivered is good. Flashmans again rates lowest on both attributes.

3.3.9 Analysis

From the above drawn perceptual maps, the leadership of Marriott over other brands can again be clearly seen as it rates the highest on almost all aspects. Another important fact to note is that PC is its follower in most cases although Serena was expected to be so. For this purpose SWOT has been conducted fro both PC and Marriott so that on this aspect also it can be determined which is the leader.

3.3.10 SWOT Analysis

Since PC and Marriott have came out to be the strongest in terms of competing with each other for market share, it is necessary to analyze each in terms of SWOT analysis in order to see which comes out to be stronger.

3.3.11 Marriott

SWOT Analysis is a very effective way of identifying Strengths and Weaknesses, and of examining the Opportunities and Threats a company faces. Carrying out an analysis using the SWOT framework helps to focus activities into areas where organizations are strong and where the greatest opportunities lie. SWOT analysis is a tool for auditing an organization and its environment.

Planning is a very important step of any marketing plan, until and unless a plan is charted down further process cannot effectively take place. And when it comes to SWOT Analysis; it is the first stage of planning and helps marketers to focus on key issues.

SWOT stands for

Strengths, weaknesses, opportunities, and threats.

SWOT Analysis may consist of two main factors that are either internal or external factors.

Internal factors may include; Strengths and weaknesses.

Every organization has some strengths. In some cases this is obvious, for example, dominant market shares. In other cases, it is a matter of perspective, for instance, a company is very small and hence has the ability to move fast. It is important to note that companies that are in a bad position also have strengths. Whether these strengths are adequate is an issue for analysis. Further strengths may include:

- ☆ Specialist marketing expertise.
- ☆ A new, innovative product or service
- ☆ Location of business
- ☆ Quality processes and procedures
- ☆ Any other aspect of business that adds value to product or service.

Every organization also has some weakness. In some cases, this is obvious; say for example, a stricter regulatory environment. In other cases, it is a matter of perspective, for example, a company has 99% market share and is open to attack from every new player. It is important to note that companies that are extremely competent in what they do, also have weaknesses. How badly these weaknesses will affect the company is a matter of analysis.

Every organization also has some weakness. In some cases, this is obvious; say for example, a stricter regulatory environment. In other cases, it is a matter of perspective, for example, a company has 99% market share and is open to attack from every new

player. It is important to note that companies that are extremely competent in what they do, also have weaknesses. How badly these weaknesses will affect the company is a matter of analysis.

Some other weaknesses could be:

- ✩ Lack Of Marketing Expertise
- ✩ Undifferentiated Products or Services (i.e., In Relation To Competitors)
- ✩ Location Of Business
- ✩ Poor Quality Goods Or Services
- ✩ Damaged Reputation

Opportunities and threats are external factors. For example:

All organizations have some opportunities that they can gain from. These could range from diversification to sale of operations. Identifying hidden opportunities is the mark of an astute analyst. An opportunity could furthermore be:

- ✩ A Developing Market Such As The Internet.
- ✩ Mergers, Joint Ventures Or Strategic Alliances
- ✩ Moving Into New Market Segments That Offer Improved Profits
- ✩ A New International Market
- ✩ A Market Vacated By An Ineffective Competitor

No organization is immune to threats. These could be internal, such as falling productivity. Or they could be external, such as lower priced international competition.

A threat could furthermore be:

- ✩ A New Competitor In Home Market
- ✩ Price Wars With Competitors

- ✰ A Competitor Has A New, Innovative Product Or Service

- ✰ Competitors Have Superior Access To Channels Of Distribution

- ✰ Taxation Is Introduced On Product Or Service

Strengths Of Marriott

After discussing SWOT Analysis in detail we can now focus on strengths of Marriott Hotels, some of the strengths of Marriot Hotels are as follows:

- ✰ Marriott's strengths are that they are a well-known company, they have a large operation, and they are known worldwide.
- ✰ As a well-known company they make it easy for people to pick them for a place to stay for pleasure, or business.
- ✰ Marriott has over 2,200 operating units, and is also the world's leading Hospitality Company.
- ✰ With this title under their belt they have an easy time taking care of their competition.
- ✰ Marriott has been increasing in their size Nationwide and Worldwide.
- ✰ Distribution and the size of the Hotel chain is in itself strength for the organization.
- ✰ They are Host Marriott Corporation, Host Marriott Services Corporation, and Marriott International. They have approximately 153,000 employees worldwide.
- ✰ A company's strength does not solely lay in the size of the company but in the management of the company, and the employees.
- ✰ Marriott's management structure is built to optimize the efficiency of the company and make sure that they follow the vision statement set so long ago.
- ✰ Marriott's employees are some of the finest, they are trained to do their jobs with care and to make sure that the customers are comfortable and leave happy.

It is easy to see why they are so large and successful. No matter what town you may go in there are hotels there, and the chances that they are affiliated with Marriott are pretty high. When a customer leaves happy they are more willing to return and bring friends.

Weaknesses Of Marriott

Every company has some weaknesses so is the case with Marriott.

- ✩ Location or site of the hotel plays a very important role in the success of any hotel chain. In Pakistan Marriott is capturing a huge market but still it has missed out some of the major cities of Pakistan the most important of which being Lahore.
- ✩ Insufficient parking space. Parking is at a distance from the hotel in a dark area.
- ✩ No live cooking like barbeque etc. All indoors eating areas, however they can improve upon this by providing more outdoor activities.
- ✩ Limited choices of restaurants. No traditional restaurants.
- ✩ Lack of sports facilities i.e. tennis courts, squash courts, etc however if they improve upon this they can surely increase their revenues.

Opportunities For Marriott

Marriott is known worldwide, the main opportunities that they have are as follows:

- ✩ Due to its name it is easy for Marriott to expand their hotel empire even further. Their opportunity lies in the growing world market.
- ✩ As more and more people enter this world more and more people want to get away and go on vacation. So there will always be a need for hotels and resorts.

✪ Germany and Japan state that Marriott hotels are their best hotels in the country this adds to their value

✪ Apart from Germany and Japan the environment and trends here in Pakistan is also very suitable for hotel industry especially for hotels with big names. People here in Pakistan are very Brand conscious which makes them go for big hotel names like Marriott, due to this culture in Pakistan Marriott has huge demand.

✪ Marriott takes pride in making every building feel like home and making sure the customer is happy and is pleased with their accommodations; giving people home like feeling makes a big opportunity for Marriott hotels.

✪ As people have become more health conscious, aerobic classes should be introduced where proper aerobic classes should be given.

Threats For Marriott

Some of the threats for Marriott are:

✪ Competition; the competition for Marriott isn't just other hotel companies but food distribution centers.

✪ The main competitors for Marriott in Pakistan are PC, Serena and Holiday Inn and other hospitality companies.

✪ Its competitors are continuously improving upon their performances by providing better services their good performance may prove to be a threat for Marriott.

3.3.12 PC

Strengths

- ⌘ Islamabad International Airport at 10 minutes drive only.
- ⌘ Pearl Facilitation desk inside the arrival lounge as well as outside the corridor.
- ⌘ Largest hotel chain in Pakistan
- ⌘ New large space for parking
- ⌘ Transport service to Pearl Continental Hotel Bhurban is also available.
- ⌘ Newly renovated rooms on Executive Floor
- ⌘ Personal safe deposit electronic lockers and Electronic keys in each room.
- ⌘ 24 hours full service business centre.
- ⌘ Temperature controlled swimming pool open round the year
- ⌘ Tow huge Lawns for events, functions and exhibitions.
- ⌘ Restaurants with different cuisines
- ⌘ Bank available at the property
- ⌘ New shopping arcade
- ⌘ To Tap group segment going up north at competitive rates
- ⌘ Bhurban resort to be included in conference packages for lunches or day trips.
- ⌘ Excursions trips for groups can be arranged to Islamabad and its surroundings
- ⌘ Addition of Cyber Café can increase the revenue
- ⌘ Because of Lawn facilities they can tap all the medical conferences and the exhibitions that involve stalls display
- ⌘ They can earn more revenue by conducting events and festivals utilizing their lawns
- ⌘ Earn more revenue by floating different packages and deals in restaurants
- ⌘ Central database connectivity among sister concerns
- ⌘ DSL connections available in the hotel.
- ⌘ Video Conferencing facilities available in the hotel.
- ⌘ Auto Call charging facility available

Weaknesses

⌘ Distance from the capital city.

⌘ Pillars in the meeting halls.

⌘ Limited recreational facilities.

⌘ No bar for the foreign clients.

⌘ Faulty plumbing system.

⌘ Lack of International Brand name.

⌘ Airport Counter is not presentable as it should be.

⌘ Online reservation system available by not being utilized.

⌘ Computer systems, internet, printers and fax facilities not available in the rooms.

⌘ Very small and unequipped gym.

⌘ Airport shuttle service should be available round the clock.

⌘ Old styled rooms and restaurants need renovation.

⌘ Not highly trained staff.

⌘ Transit Destination for Bhurban.

Opportunities

⌘ Capturing more and more business from Islamabad.

⌘ To tap group segment going up north at competitive rates.

⌘ Burbhan resort to be included in conference packages for lunches or day trips.

⌘ Excursion trips for groups can be arranged to Islamabad and its surroundings.

⌘ Addition of Cyber Café can increase the revenues.

⌘ They can earn more revenue and attraction be setting an extension of bakers boutique in western lawn offering various cuisine in open air in the huts style.

⌘ Provision of computer systems, Internet and fax facilities in rooms (under processor).

Threats

- ⌘ Business traveller inflow towards Islamabad.
- ⌘ Government offices / Diplomatic sector located in Islamabad.
- ⌘ Best Western Hotel / Holiday Inn with lower room rates and good rooms.
- ⌘ New companies also prefer Islamabad as a capital city.
- ⌘ Blue Lagoon AWT Banquet facilities just across the road with additional new banquet halls at half the price with no sales tax.
- ⌘ Guest houses with good facilities and lower room rates are also increasing in the twin cities.
- ⌘ Higher tax rates.
- ⌘ Re-imposed wedding ordinance.
- ⌘ Proposed Sheraton Hotel.
- ⌘ Crown Palace in operation with 60 rooms and good facilities.
- ⌘ De Mall Hotel with 60 – 80 rooms just near the property.
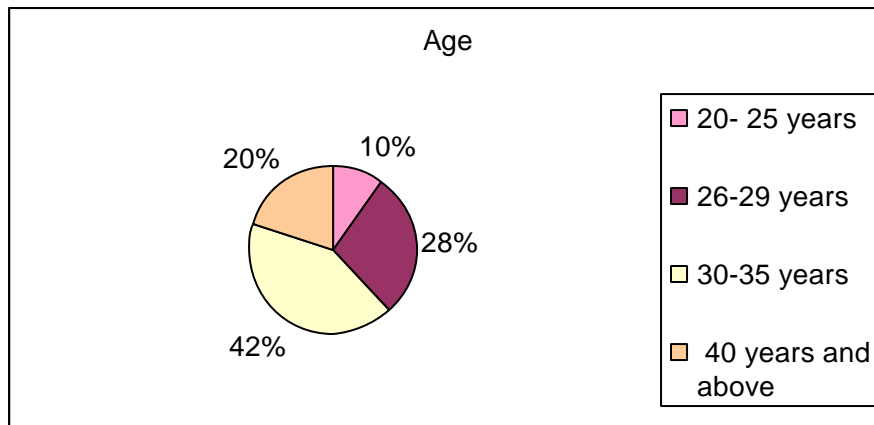
3.3.13 Analysis

From the above analysis, it is clear that Marriott comes out to be the strongest. This is because PC's strengths are mostly in its structure where as Marriott's strengths are in its HR, management, brand name etc. These are all factors which are hard to imitate whereas the strengths of PC can be imitated if one has the right amount of capital. Therefore on this aspect with respect to SWOT also Marriott is the market leader. The strength or leadership of Marriott can be judged from the fact that when employees are asked to state their preference where they want to stay, they prefer PC over Marriott.
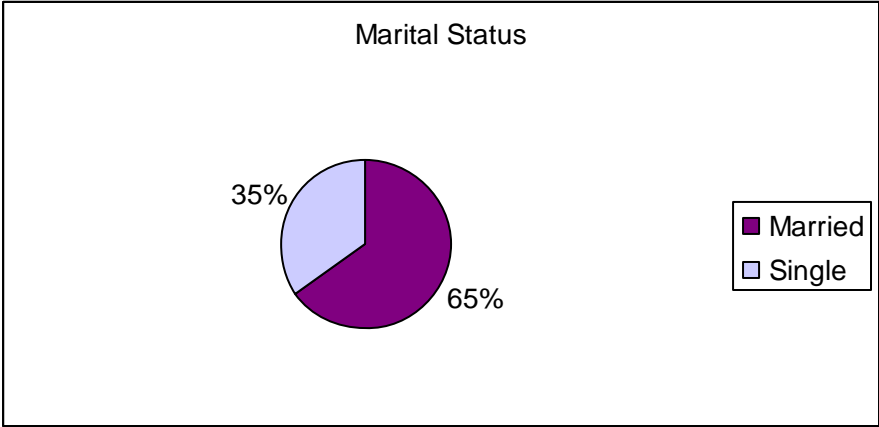
3.3.14 Customer Survey

A questionnaire was distributed to a total number of 100 people in order to get an insight into which hotel is leading in which aspect. However, the graphs and data of relevant questions have only been given here. It is also to be kept in mind that every hotel has not been analyzed on every aspect. Rather a comparison has been done on the most important aspects where competition lies for each. For example brand loyalty is perceived to be higher for Marriott and Serena than for any other hotel so only these two have been analyzed for this purpose and so on. It is also important to remember that this survey has been conducted to compare Marriott with others on different aspects in order to determine whether the hypothesis is right or wrong.
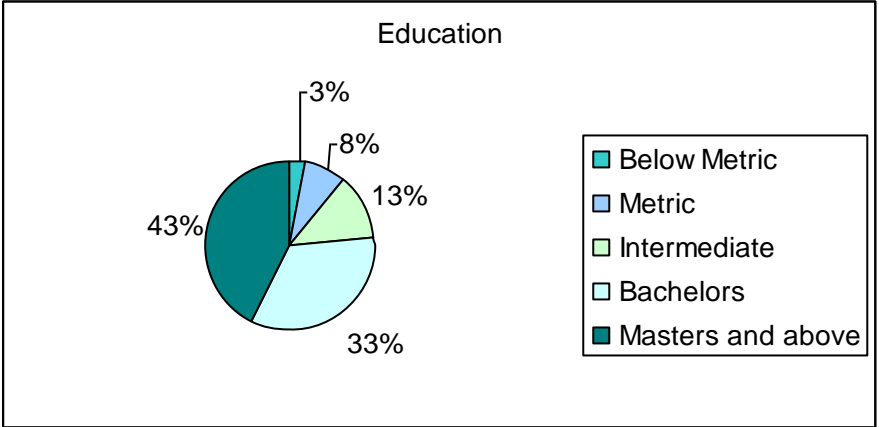
Demographics

Age

Marital Status

Marital Status

35%

65%

Married
Single

Education

Education

3%

8%

13%

43%

33%

Below Metric
Metric
Intermediate
Bachelors
Masters and above

Occupation

Occupation

■	Government employee
■	Private sector employee
□	Self employed
□	Unemployed
□	Other

9% 7%
14%
19% 51%

Income (Monthly)

Income (Monthly)

■	Below 10,000
□	11,000- 25,000
■	26,000- 40000
□	41,000- 55,000
■	56,000 and above

4% 12%
15%
48%
21%
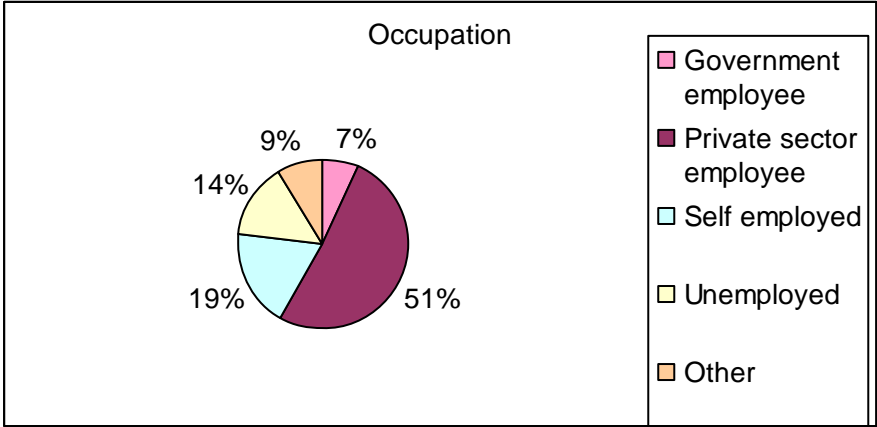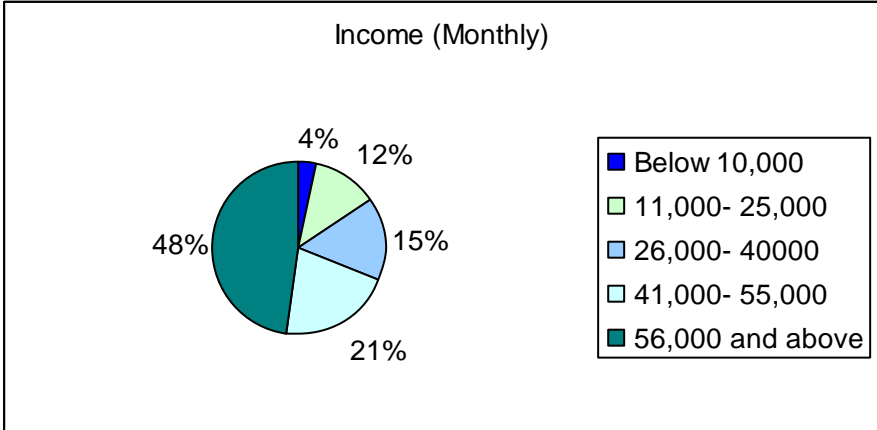
Q. How often do you dine at Marriott Hotel's Restaurants?

✩ Daily

✩ Once/week or more

✩ 1 to 3 times a month

✩ Once/month
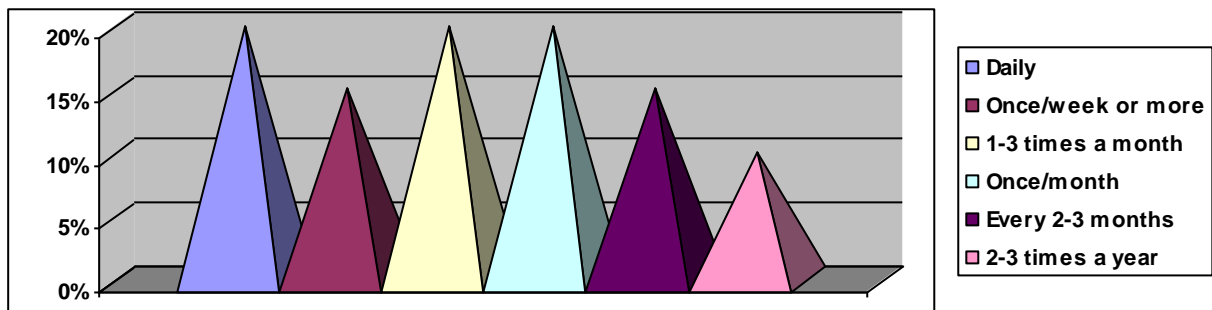
✩ Every 2-3 months

✩ 2-3 times a year

✩ Other _____

Daily	20%
Once/week or more	15%
1-3 times a month	20%
Once/month	20%
Every 2-3 months	15%
2-3 times a year	10%

Q. Which restaurant do you prefer to dine at Marriott?

The Nadia's Coffee Shop	30%
The Raka Poshi Restaurant	20%
The Dynasty Restaurant	40%
The Pool Bar	10%
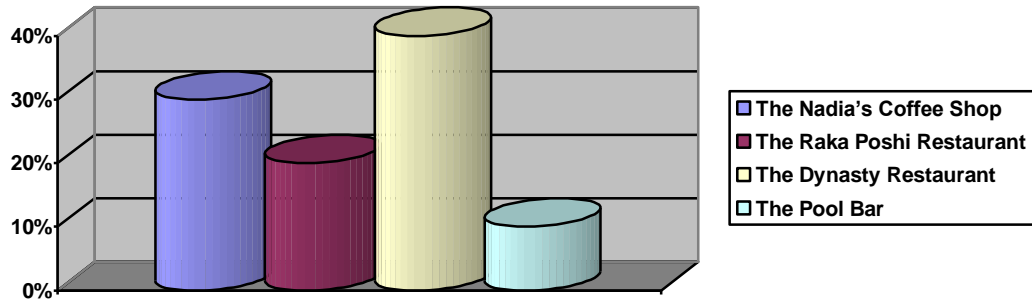
Q. Would you choose Marriott over others? If yes, what makes you choose Marriott over others?

- ☆ Food is good
- ☆ Waiters are polite
- ☆ Atmosphere is good
- ☆ Timely service is provided
- ☆ All of the above

Food is good	35%
Waiters are polite	45%
Atmosphere is good	10%
Timely service is provided	5%
All of above	5%
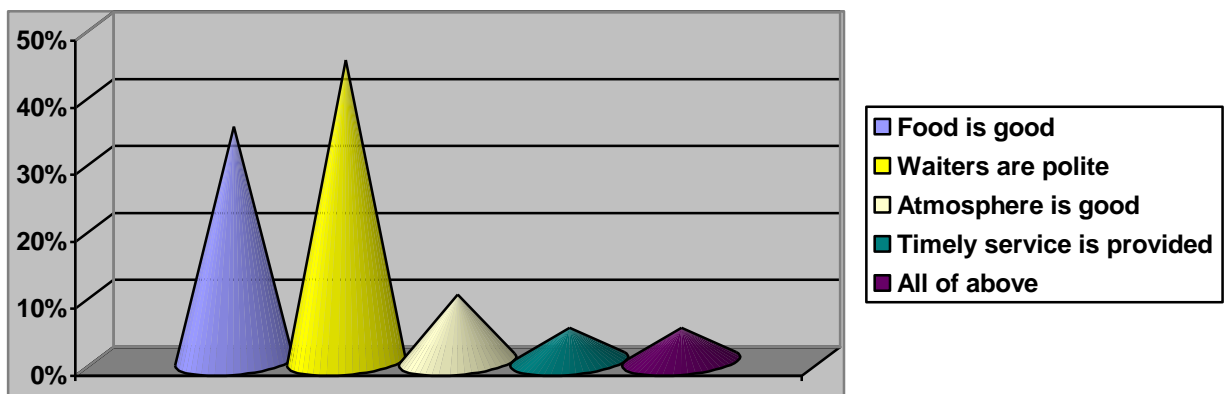
Interpretation:-

Different people have different criteria for evaluating hotels. However the main point to be noted in this question is that there was not even a single person who said that they would not go to Marriott and choose any other over it. Hence a clear preference be it for any reason is depicted.

Q. Did you receive the expected level of service?

☆ Yes

☆ No

Yes	65%
No	35%
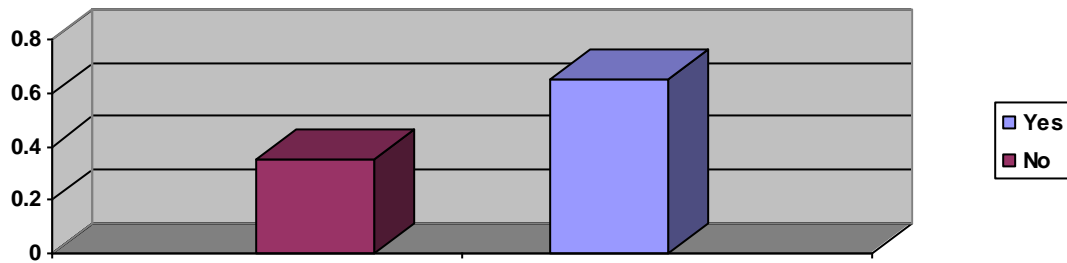
Interpretation:-

These statistics show the level of satisfaction customers have with Marriott which is quite high whereas for any other hotel it is not more than 50%

Q. What are the alternatives if time and money are not your constraints?

☆ Pearl Continental

☆ Serena

☆ Holiday Inn

Pearl continental	65%

Serena	25%
Holiday Inn	10%
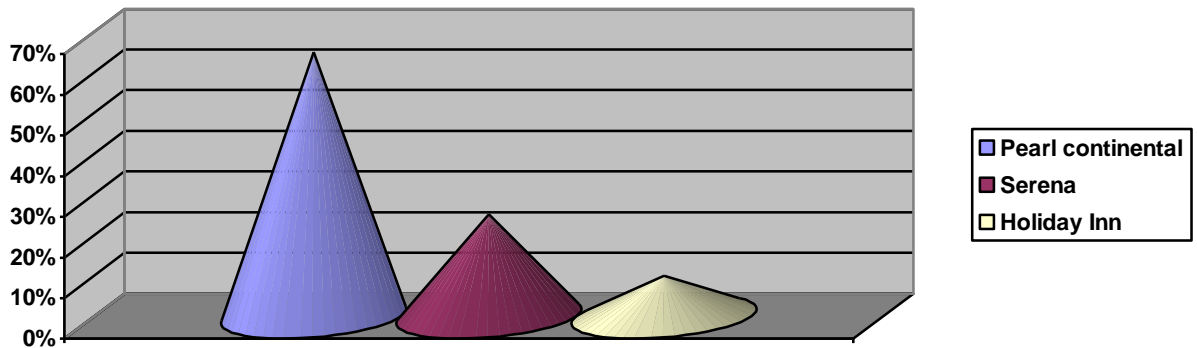
Interpretation:-

Here PC emerges to be the clear number two after Marriott as far as customers are concerned. Why not Serena? Simply because as far as dining is concerned, it has not been able to deliver on the expected level of customers. Although as a brand it is stronger than PC.

Q. Which would you prefer to stay at?

				Total
		yes	no	
Hotels	Marriott	42	8	50
	Serena	39	11	50
Total		81	19	100
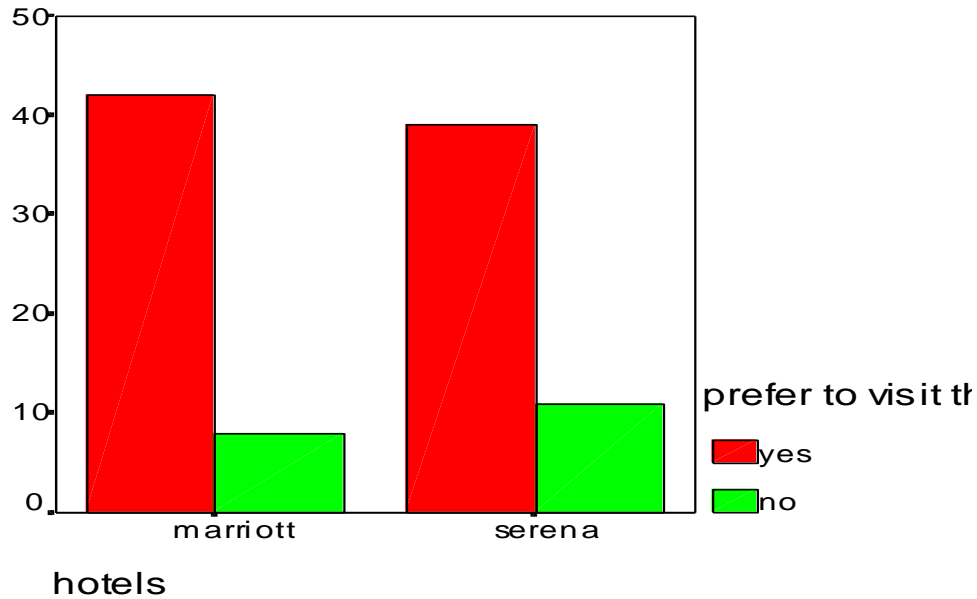
Interpretation:-

The reason for comparing only Marriott and Serena is because the consumer loyalty is highest among these two hotels and among them then Marriott comes out to be further better off than Serena in this aspect. A larger number of people preferred to visit Marriott again as compared to Serena. The difference may seem less here between the two hotels but it has to be kept in mind that this is only a survey of 100 people of roughly the same income group and if Marriott comes out to be the leader here then it would be so in a larger sample size.

3.3.15 Success Factor Analysis For Marriott

Marriott is an international brand which carries a very strong image in the minds of the customers. Marriott is backed by the ever so powerful Hashoo group whish invests heavily in making the hotel a better place for customers to stay in. According to the survey the main reason for the success of Marriott is that it offers highest service quality and reliability. Customers were of the view that Marriott is a dynamic brand and a

customer oriented hotel. They thought that its services matched the image it is projecting and the prices charged.

Another factor that has come to light considering the Pest analysis carried out for Marriott is that Pakistanis like events and fun. Marriott does organize a huge number of concerts, festivals, melas etc which is another reason for its success. Many people feel that the whole aura and the services cape / decorations of Marriott is beyond excellence which is another success factor.

Another critical success factor according to the management at Marriott is that it simply offers the best service possible, implying that it leaves no stone unturned when it comes to offering the best service quality to its customers.

Apart from that the management believes that Marriott is an ideal place to visit for any event, be it a wedding, eid or a business meeting as they say that they cater to all sorts of people .So if it is a fun filled dinner with friends or a quit evening with one's family or a wedding in the family or a weekend break from work Marriott has it all.

Marriot also offers great reliability, convenience in the form of online or phone registration, pick and drop facilities. Apart from that In Islamabad it is the best hotel along with Serena, and the older amongst the two. Customers feel that they are brand loyal to Marriott, due to its history and long standing commitment to best serve its customers. Marriott has a quality image in the minds of customers, and it also acts as a social symbol. Among the elite class people would prefer to take their guests to Marriott for dinner than some where else because of the image and status attached to it.

Another reason for the success of Marriott is that it has been able to successfully adapt itself to the Pakistani culture and mindset of the people. Its big wedding halls, melas, discounts etc as well as its celebrations of local events such as basant have carved a niche for itself in the minds of the customers.

Marriott offers the best services for its in house guests in the form of dry cleaning, laundry, internet, sports; swimming facilities so a foreigner or local visiting Marriott will get all his basic needs filled under one roof and will not need to venture outside. Also Marriott has shops inside which provide a good pastime and shopping experience to the guests, mostly foreigners who are intrigued by the vast variety Pakistan has to offer in the form of hand knitted carpets, handicrafts, clothes, shoes , jewelry etc

Another reason for Marriott's success is that it does not only implement those strategies which it thinks will work but proper research is carried out in order to establish what customers want and will appreciate., basically following the principle of total quality management. It aims to retain its customers especially business ones by offering special packages and discounts and unmatched service so as to make them brand loyal. These loyals account for more than 60% of Marriott's total revenues.

All in all Marriott is a hotel signifying unmatched service quality, along with reliability, convenience and variety to its customers. It aims to retain its key customers and by offering special packages to them and get new ones by introducing new features and emphasizing on its long established brand name and quality image.

3.3.16 Result:-

In order to determine whether a hotel is a market leader or not, there are many aspects to be considered. In order to prove that the hypothesis is right, different aspects of Marriott w.r.t competitors have been analyzed. For instance in terms of a brand Marriott has come out to be the strongest among all others. Leadership is not just market share, it is much more. Since all the analysis has been done according to the consumer point of view, it is important to understand that consumers view the leader as the one which has the strongest brand image in their minds. This leads to loyalty on their part and leadership position for the brand at hand. Marriott has been able to achieve this position because its customers are mostly affluent and from the upper end of the society and hence bring in more revenues. Customer loyalty is also highest for Marriott than any other hotel.

It may seem that PC is doing well in terms of attracting customers but the fact is that PC does not have a very loyal customer base as most people going to the hotel are simply those who want to dine out or for their functions etc but in terms of staying, it is behind Marriott. However, if the markets of Pindi and Islamabad are seen separately then PC is the market leader in Pindi and Marriott in Islamabad.

All in all in terms of brand, a larger and more affluent customer base, loyalty etc. Marriott is the leader and hence the hypothesis is proved right.

CHAPTER# 4:- CONCLUSION

Unlike goods, where production and consumption are typically separated by time and space, services are co-produced; at a time and place of the customer's choice. The inseparability of production and consumption for services means that service's reliability is more outside the control of the firm. Services production differs from goods production in that the co-production process involves more of the Human Recourse of the firm and customers themselves. Since the production process is visible to service customers, indeed they are part of the process, process orientation should have a significant direct impact on customer satisfaction with services. In contrast, the more invisible nature of product production implies the effect of process orientation on customer satisfaction with products. (Nilsson, 2000).

Due to this particular nature of the service industry, consumers hold different perceptions about it than they do in a typical product related brand. That is why the three hypothesis have been developed according to general perceptions and they are proved right or wrong. In the process of researching for the hypothesis and stating factors which prove it right or wrong, one gets an in depth understanding of the workings of the industry in the consumer's mind. The hypothesis have been proved with the help of data and analysis which traces the core facts why these perceptions were created and in the process uncovers their reliability.

In the end it is safe to say that no matter if the perceptions are right and wrong, what needs to be done on part of the industry players is to see their competitive rivalry through the eyes of the consumers as it would greatly help them understand and formulate effective strategies.

4.1 Future Outlook

New international hotel chains would enter the local market and hence pose a threat to the existing players. They would not only increase the level of competition but also make the profit share of the pie smaller. However, the exact effect of this can only be seen when time comes as there are chances that people may get a breath of fresh air from the long existing brand names or they might stay loyal to the existing brand names in the market and not trust the new entrants. In this case a lot of time and media spending would be required by new entrants to establish themselves in the market.

Due to the recent earthquake in Pakistan and foreigner attacks, tourism would again be lesser and efforts would have to be made on part of the Tourism Industry and Ministry to restore the level of tourism and to increase it in Pakistan. Apart from supporting the industry, it would bring in foreign investment which is much needed by Pakistan right now.

However, all in all it can be said that the industry is a lucrative one and new entrants can be expected to enter the industry and overall there would be an increase in the competition level as time passes.

CHAPTER # 5:- RECOMMENDATIONS

5.1 General Recommendations

Apart from businesses, hotels can target people falling in lower income brackets for wedding functions, conferences, lodging and dinning. Opening up new hotels in other cities who are flourishing very well and growing at a fast pace can also be taken as an opportunity for these hotels as well as new ones to open up and spread where already existing players have not stepped.

Foreign delegations are a very lucrative market. New hotels can target local consumers for their different functions and celebrations. New hotels can also target lower income brackets by providing the service expected by consumers falling in these income brackets and justifying the price for it very well. Hotels can target businesses with low budgets as their services justify the prices they charge.

Most of the bigger players provide adequate training to their employees. There should be a standard set for evaluation of the employees which is not existing at present. This should include numbers that should be awarded to the employees on their performance at training sessions. By doing this the evaluation will become transparent and fair. Further more, top management should involve lower management in deciding the training course which would greatly make the human resource as the distinguishing feature of the respective hotel.

5.2 Serena

The most prevalent problem of Serena seems to be its food. Compared to the amount of price the hotel is charging, the quality of food is very low. They really need to work on it because up till now people just go to Serena due to its image but this image is fast deteriorating due to the food quality being provided there.

Like other hotel chains, Serena needs to make its presence felt through out the country by expanding in potential markets. Serena can also do so by diversifying. It is not necessary for it to lower its prices as this would effect the brand image of the hotel. However, it can diversify with another name with lower prices then Serena and capture a larger market share.

Serena should try to pay some attention on up gradation or addition and changes in terms of décor, themes etc. This is because competitors are involved in doing so whereas this is lacking in Serena.

5.3 Marriott

After carrying out the analysis and seeing the reasons for the success of Marriott in Pakistan there are some recommendations which can make the hotel chain perform even better in Pakistan. They are listed as follow:

* Marriott should open more branches in other cities of Pakistan so as to increase its reach.
* At Marriot Islamabad the parking lot should be improved as it has less space and is generally dark, which goes against the image of Marriott as a high profile hotel chain.
* The employees at Marriott should be empowered more so that they can help in improving customers' experiences by offering customized services.
* The system of administration should become de centralized resulting in more autonomy and motivations for the workers and saving of time and more flexibility for Marriott.
* The number of restaurants at Marriott should be increased e.g. Thai or Japanese restaurant should be opened so as to offer more variety and convenience especially to foreign tourists.
* Rates should be lowered for some services so as to make them more accessible to the general public.
* It should market itself more on television and radio and also print media and sponsor welfare or sports events in order to gain more customers and act as a socially responsible organization.

5.4 PC

The services of Pearl Continental Hotel are of reasonable quality; however there still exists a need for improvement in the current quality level. Service standards have to be maintained in order to attract as well as retain the customers. Following are some recommendation for improving the quality of services being provided by Pearl Continental Hotel.

- One of the major factors that pose a problem for the management of Pearl Continental Hotel is the state of the building. Customers generally complain about the cracks in the tiles, window sills, and scratches on the marble, unavailability of hot water in the winters. The management should pay attention to this deficiency and make sincere efforts to rectify this problem.

- Pearl Continental Hotel enjoys a major share of the local market. Thus, in the busy season the management faces a severe problem of adequately managing the limited parking space available. Even this available space is occupied by the staff and crew members, coming in regularly. Due to security concerns the authorities have disallowed parking on the road side, thus creating further problems for the customers. This problem should be focused upon by the management of Pearl Continental Hotel.

- One of the major problems is that there is no discrimination between the smoking and the non smoking areas for customers. This policy fails to address the concerns of the customers who are sensitive about this issue. This issue should be addressed by classifying appropriate areas as smoking and non smoking.

- Room service and the in house laundry system of Pearl Continental Hotel are not available at all hours. At breakfast room service is not available for the customers and the buffet for breakfast is for a limited time period. The laundry service closes at eight

in the night and opens up again at ten in the morning. This problem should be remedied by offering room service and laundry for customers around the clock.

❀ The souvenir shops in Pearl Continental Hotel have high priced items in them which may attract the foreign customers but hold no appeal for the local market. Furthermore the shops are small and do not have a wide variety of products. This problem can be solved if not by increasing the area of the shops but the lowering the prices to a reasonable yet profitable level and providing a greater variety of items.

❀ There is an acute shortage of leisure activities available for the customers of Pearl Continental Hotel. The only sport available to the people is the swimming pools and the fitness centers. Besides that there is no for both adults and children. There is no demarcation and division of the female and the male swimming pool. The management should also include more activities for their customers such as food festivals, concerts, funfairs etc.

❀ One other major blunder of Pearl Continental Hotel is that the website due to non payment is not accessible which not only impacts negatively the hotel's image but some reservations which were previously made online are not made due to unavailability of the website. Thus the website should be kept accessible by the management at all times to enhance the image and increase business.

❀ Another deficiency of Pearl Continental Hotel is that the computers and internet facility is available only in the Business Center located in the lobby. The management should take steps to provide personal computers with internet facility in every room so that the guests can conduct their private business through internet in the safety of their rooms.

❀ The employees at PC should be empowered more so that they can help in improving customers' experiences by offering customized services, also in case of any service failure incident; they can maneuver the situation and handle it accordingly.

- The system of administration should become decentralized resulting in more autonomy and motivations for the workers and saving of time and more flexibility for PC.

- Management of PC should make itself available to the customers when they want so, so that the customers feel their importance and also it will help the management to find out the customers' views and expectations.

- Passing the buck type of an attitude should be discouraged among the contact employees like waiters and also among the management.

- PC should monitor the type of services being offered by its competitors and the marketing activity should be integrated accordingly.

- The system to complain should be made easy and the management should respond to the complaints in time, as it is a fact that "justice delayed is justice denied".

- The management should devise a system to see the events when they lose customers and try to avoid those situations., and analyze the reasons what exactly made PC lose them.

- Encourage the customers to be an active part in the designing of the new services so that they feel the ownership and also this will help their exact expectations to be involved in the service design, which will help remove any disparity.

- Segmentation should be improved so that compatible groups of customers are present at any single time.

- Management should revise its research techniques and methods.

5.5 Holiday Inn

- Hotel renovation with respect to number of rooms etc. and increase in facilities like providing swimming pool etc to attract new potential customers / guests
- The promotion of the hotel and its products through the electronic media.
- There should be separate accounts department of the hotel and a new training department of the Hotel should be created for the training and development of existing and new employees
- The lobby of the hotel should be made more attractive and hotel reception should be relocated at a proper/attractive location in the hotel lobby
- There should be a culture of employee participation and appreciation in the hotel
- Parking area should be increased
- More research and development budget should be allocated to compete with its competitors
- Management should be aware of hotel's strength, weaknesses, opportunities and threats
- Management should be proactive rather than being reactive
- There should be more carrier growth opportunities for the hotel employees'
- The employees of the hotel should be made more motivated by their superiors, so that they can develop more interest in their jobs
- If possible, management should try to arrange training of its employees in other countries

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Serena Brochure

Appendix 1

POPULAR PAKISTAN HOTELS[2]

ISLAMABAD/RAWALPINDI

- ℵ Marriott Hotel Islamabad
- ℵ Islamabad Serena Hotel
- ℵ Pearl Continental Hotel
- ℵ Holiday Inn Islamabad
- ℵ Flashman's Hotel

LAHORE

- ℵ Pearl Continental Hotel
- ℵ Avari Hotel
- ℵ Ambassador Hotel
- ℵ Holiday Inn
- ℵ Orient Hotel

KARACHI

- ℵ Marriott Hotel Karachi
- ℵ Pearl Continental Hotel
- ℵ Avari Towers Karachi
- ℵ Sheraton Hotel & Towers Karachi
- ℵ Gulf Hotel

PESHAWAR

- ℵ Pearl-Continental Hotel

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[2] **www.onetime.com**

- Dean's Hotel

MULTAN

- Holiday Inn-Multan

SKARDU

- Shangrila Tourist Resort

GILGIT

- Giligit Serena Hotel

BHURBAN

- Pearl Continental Hotel

Appendix 2

ISLAMABAD HOTELS

1. <u>MARRIOTT ISLAMABAD</u>

"Good environment, polite and very high standard of services and all facilities too. Security is the most important as a person want to enter to this premise you don't have to worry much about..."

2. <u>HOLIDAY INN ISLAMABAD</u>

WAHEEDASLAM wrote about the Holiday Inn Islamabad: "Few Kilometers from the Parliment house is the 4* star Holiday Inn Hotel. It has four floors with 121 guest rooms, 10 suites, 19 Non-Smoking Rooms & 111 Double-Bedded Rooms. It is located in..."

3. <u>ISLAMABAD SERENA HOTEL</u>

WAHEEDASLAM wrote about the Islamabad Serena Hotel: "Located on 6 acres near the lush green Margalla Hills and Rawal Lake/ next to the diplomatic enclave. The Islamabad Serena surrounded by tranquil jasmine gardens/ with Serena water bodies/..

vtanonymoustips wrote about the Islamabad Serena Hotel: "I lived at this hotel for four months in 2002; I have returned and spend a few nights again in 2003 & 2004. This hotel is amazingly elegant with the most educated and professional staff in..."

4. <u>PEARL CONTINENTAL RAWALPINDI</u>

Appendix 3

LAHORE HOTELS

1. Holiday Inn Lahore, Lahore

Description: 128 rooms

Hotel class: ★★★★☆

Ranks #1 of 11 hotels in Lahore in Trip Advisor's popularity index

2. Pearl Continental Lahore, Lahore

Description: 500 rooms

Hotel class: ★★★★☆

Ranks #2 of 11 hotels in Lahore in TripAdvisor's popularity index

3. Hotel Elites, Lahore

TripAdvisor Traveler Rating ○○○○○(based on 3 reviews)

Traveler   Reviews:

Apr24, 2006:   "Lahore visit"

Oct 2, 2005: "A nice hotel in a good location"

Mar 18, 2005: "Worth Staying Hotel Like This In Pakistan"

Ranks #3 of 11 hotels in Lahore in TripAdvisor's popularity index

4. Avari Hotel Lahore, Lahore

Description: 171 rooms

Hotel class: ★★★★★

TripAdvisor Traveler Rating ○○○○○(based on 5 reviews)

Traveler Reviews:

Apr 29, 2006: "Great Service"

Feb 7, 2006: "Everything is great"

Oct 2, 2005: "Lahore lahore aa"

Ranks #4 of 11 hotels in Lahore in TripAdvisor's popularity index

5. Quick Continental Hotel, Lahore

Description: 34 rooms

TripAdvisor Traveler Rating ●●●●○(based on 4 reviews)

Traveler Reviews:

May 24, 2006: "have a nice stay at quick continental hotel, very nice, and beautiful place"

Ranks #5 of 11 hotels in Lahore in TripAdvisor's popularity index

6. National Hotel, Lahore, Lahore

Description: 120 rooms

TripAdvisor Traveler Rating ●●●●○(based on 2 reviews)

Traveler Reviews:

Jun 7, 2006: "most economical hotel, excellent location !!!"

Apr 7, 2006: "loved the service & courtesy"

Ranks #6 of 11 hotels in Lahore in TripAdvisor's popularity index

7. Regency Inn Hotels, Lahore

Description: 17 rooms

TripAdvisor Traveler Rating ●●●●○(based on 1 review)

Traveler Reviews:

May 15, 2006: "Best experince with Regency"

Ranks #7 of 11 hotels in Lahore in Trip Advisor's popularity index

8. Windmills Hotel, Lahore

Description: 25 rooms

TripAdvisor Traveler Rating ●●●●○(based on 1 review)

Traveler   Reviews:

Feb 25, 2006: "I love its interior"

Ranks #8 of 11 hotels in Lahore in TripAdvisor's popularity index

9. The Residency Hotel, Lahore

Description: 25 rooms

TripAdvisor Traveler Rating ⬤⬤⬤⬤◯(based on 1 review)

Traveler   Reviews:

Feb 25, 2006: "It is a Unique Hotel in Pakistan"

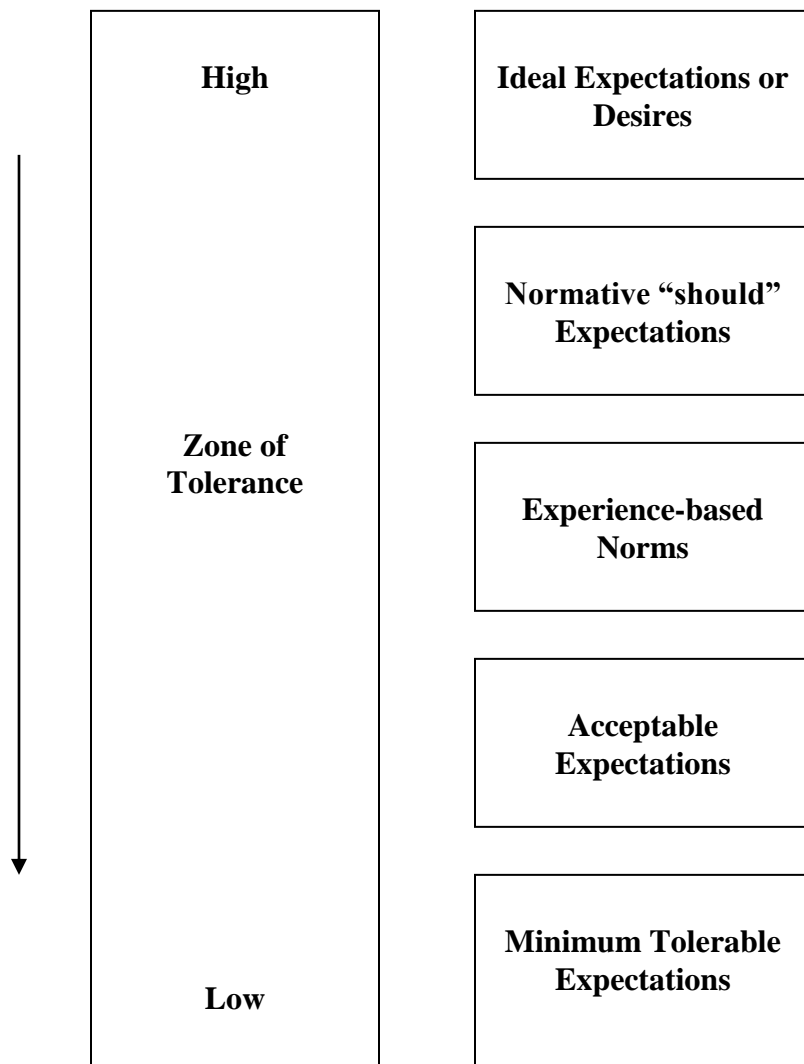 Ranks #9 of 11 hotels in Lahore in TripAdvisor's popularity index[3]

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[3] *www.tripadvisor.com*

Appendix 4

CHANGES IN KEY MACROECONOMIC INDICATORS

	October 1999	June 2005	Changes in the indicator
GDP Growth Rate	.2%	.4%	ositive
nflation	.7%	.6%	ositive
iscal Deficit/GDP	6.1%	4.0%	ositive
urrent Account/GDP	3.2%	.0%	ositive
Domestic Debt/GDP	2.0%	5.0%	ositive
xternal Debt	38 billion	35 billion	ositive
emittances	88 million per month	300 million per month	ositive
xports	7.8 billion	12 billion	ositive
ax Revenues	s. 391 billion	s. 510 billion	ositive
upee-Dollar Parity	Depreciating	Appreciating	ositive
oreign Direct Investment	472 million	950 million	ositive
oreign Exchange Reserves	1.6 billion	12.0 billion	ositive
overty Incidence	3%	Data not available	Neutral
overty related expenditure	s.133 billion	s. 208 billion	ositive
Unemployment	%	%	Negative

Appendix 5

Possible Levels of Customer Expectations:

High	**Ideal Expectations or Desires**
	Normative "should" Expectations
Zone of Tolerance	**Experience-based Norms**
	Acceptable Expectations
Low	**Minimum Tolerable Expectations**

Appendix 6

Customer Perceptions of Quality:

Reliability

Responsiveness

Assurance

Empathy

Tangibles

Interaction Quality

Reliability

Responsiveness

Assurance

Empathy

Tangibles

Physical Environment Quality

Service Quality

Reliability

Responsiveness

Assurance

Empathy

Tangibles

Outcome Quality

Appendix 7

Customer Gap: