MARKETING STRATEGIES AND COMPETITIVE ADVANTAGE IN THE HOSPITALITY INDUSTRY: A STUDY OF HOTELS IN THIKA, KENYA

1* Caroline Mumbi Wanjoji
Jomo Kenyatta University of Agriculture and Technology
cwanjohi88@gmail.com

Abstract

Hotels are placing a focus on the marketing mix strategy, it is therefore necessary for the hotels to strategically find a way to get a competitive advantage over the others as a market strategy, as there exist several competitors. Competitive advantage is influenced by many factors but this research project investigated the effects of marketing mix strategy on competitive advantage. The specific objectives of the study included, to establish the relationship between people strategy and competitive advantage, to examine the relationship between process strategy and competitive advantage and to determine the relationship between physical environment strategy and competitive advantage in the hospitality industry. The target population includes hotels in Thika and a sample of 5 hotels was selected from the target population. Primary data was collected using questionnaires. Analysis of data was done using descriptive statistic. Descriptive statistics and inferential statistics such as Pearson’s correlation, ANOVA and multiple regression analysis were used for further analysis. The key findings were that marketing mix strategies individually had a positive influence on the competitive advantage of hotels in Thika. The overall results indicated that there was a significant relationship between marketing mix strategy and hotel competitive advantage. Similarly, when all the marketing mix strategies of hotel competitive advantage were tested altogether it was established that they had moderately low significance.

Keywords: Competitive advantage, marketing strategies, physical evidence
1. Introduction

A marketing strategy is an explanation of what specific actions will be taken over time to achieve the objectives (Kotler, 2003). Strategy can be extended to cover many years, with sub-plans for each year, although as the speed of change in the merchandising environment quickens, time horizons are becoming shorter. Ideally, strategies are both dynamic and interactive, partially planned and partially unplanned, to enable a firm to react to unforeseen developments while trying to keep focused on a specific pathway; generally, a longer time frame is preferred (Cravens 2000). In addition, Hart & Stapleton (2012), explains that a good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. Hence the primary purpose of a marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm’s objectives within a specific product market. Therefore, decisions about the scope of a marketing strategy involve specifying the target-market segment(s) to be pursued and the product line to be offered. Then, firms seek a competitive advantage and synergy, planning a well-integrated program of marketing mix elements (Walker et al., 2013).

According to Jain (2012), a marketing strategy is mainly indicated by the marketing objectives, customer and competitive perspectives and product/market momentum form the basis of marketing strategy thus a marketing strategy is developed at the business unit level. As a result, within a given environment, marketing strategy deals essentially with the interplay of three forces known as the strategic 3 C’s: the Customer, the Competition and the Corporation. Therefore, a good marketing strategy should be characterized by a clear market definition, a good match between corporate strengths and the needs of the market and superior performance, relative to the competition, in the key success factors of the business.

Competitive advantage on the other hand refers to the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Porter, 1985). The study of such advantage has attracted profound research interest due to contemporary issues regarding superior performance levels of firms in the present competitive market conditions. A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Clulow et al., 2003).

2. Statement of the Problem

Researchers like Kuria (2011), Wanderi (2011), and Ondigi (2011), revealed that star hotels have critical problem of skilled man power, specially chefs, and capacity to compete globally. The study explained that the human capital in the hotel industry is not properly handled explaining that unfavorable working conditions, poor payment, poor training and education levels have led to high labor turn over. According to the study, formal qualifications from new entrants are not highly regarded in the hospitality industry. Wadongo et al., (2010) explained that hospitality managers in Nairobi monitor competitiveness and financial dimensions of performance with little attention being paid to non-financial measures. Kamau and Waudo (2012), found that hotel industry in Kenya is in a high competitive market. Musyoka (2010), argued that factors like
competition, cost of inputs, safety and security problems affect the profitability of hotels in Nairobi, Kenya. Gaining competitive advantage in the hospitality industry has become increasingly difficult as marketing strategy is easily copied. This study therefore sought to identify and evaluate the marketing strategies being used in Thika hotel industry in order to gain a competitive advantage.

3. **General Objectives**

This study aimed at evaluating the relationship of marketing mix strategies and competitive advantage in hospitality industry. The specific objectives were to:

i. Establish the relationship between people strategy and competitive advantage
ii. Examine the relationship between process strategy and competitive advantage
iii. Determine the relationship between physical environment strategy and competitive advantage.

4. **Methodology Used**

The study adopted a quantitative research design to establish the associations among the key study variables. This is a cross sectional survey study aimed at establishing the marketing strategies that the hotels use to create a competitive advantage. Descriptive cross-sectional Survey was used in this study. This research design was considered appropriate for this study because, data has been collected from several organizations at one point in time. Selection of the hotels in Thika sub county was justified by the fact that these hotels are assumed to have attained meaningful service levels. Because of the small number of the hotels a census survey was used. Therefore, the study was conducted and analyzed from the 5 Hotels which was taken as target population. This research used primary data sources to gather information by use of questionnaires administered to the customers of the hotels.

5. **Research findings**

**People**

<table>
<thead>
<tr>
<th>Table 1 Respondents view on people working at the hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
</tr>
<tr>
<td>Hotel has skilled and competent personnel</td>
</tr>
<tr>
<td>Personnel seek to build good relations with guests</td>
</tr>
</tbody>
</table>
Service providers seek to provide excellent services
Personnel at the hotel understand service culture.
Personnel resolve the problems encountered rapidly

<table>
<thead>
<tr>
<th>Process</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel has an easy check-in process</td>
<td>44</td>
<td>4.02</td>
<td>1.303</td>
</tr>
<tr>
<td>I can easily book an online reservation with this hotel</td>
<td>44</td>
<td>2.80</td>
<td>1.407</td>
</tr>
<tr>
<td>The check-out process is fast</td>
<td>44</td>
<td>3.93</td>
<td>1.301</td>
</tr>
<tr>
<td>The hotel gives on time food delivery after giving my order</td>
<td>44</td>
<td>3.27</td>
<td>1.436</td>
</tr>
<tr>
<td>The hotel room cleaning is on time as per request and requirement</td>
<td>44</td>
<td>3.20</td>
<td>1.456</td>
</tr>
</tbody>
</table>

The mean of 2.86 showed that most guests said that the hotels do not have skilled and competent personnel. In a similar view, it can be inferred that the personnel at the hotel do not resolve problems encountered rapidly as was seen from means of 2.55. From the results there is an insignificant difference on the standard deviation which indicates that the respondents’ opinions were spread out between the scale given.

**Process**

**Table 2: Respondents view on the process of service delivery**

The study also sought to capture the perceptions of guests on the process of service delivery. The mean of 4.02 showed that most guests agreed that the hotels have an easy check-in process. With regard to online booking, most respondents were of the perception that booking online is not easy as shown by a mean of 2.80. From the results there is an insignificant difference on the standard deviation which indicates that the respondents’ opinions were spread out between the scale given.
Physical Evidence

Table 3: Respondents view on physical evidence at the hotels

<table>
<thead>
<tr>
<th>Physical Evidence</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rooms, lounges and furniture provide comfort to the guests.</td>
<td>44</td>
<td>2.80</td>
<td>1.407</td>
</tr>
<tr>
<td>The hotel is equipped with modern, furniture and other amenities.</td>
<td>44</td>
<td>2.80</td>
<td>1.407</td>
</tr>
<tr>
<td>Feel that material accessories reflect a social nature</td>
<td>44</td>
<td>3.27</td>
<td>1.436</td>
</tr>
<tr>
<td>The hotel has security and safety requirements</td>
<td>44</td>
<td>3.02</td>
<td>1.470</td>
</tr>
<tr>
<td>The menu has variety to choose from</td>
<td>44</td>
<td>3.02</td>
<td>1.470</td>
</tr>
<tr>
<td>The menu is well presented</td>
<td>44</td>
<td>3.27</td>
<td>1.436</td>
</tr>
<tr>
<td>The interior color of this hotel are attractive</td>
<td>44</td>
<td>2.80</td>
<td>1.391</td>
</tr>
<tr>
<td>Hotel atmosphere makes on to come and stay</td>
<td>44</td>
<td>2.70</td>
<td>1.193</td>
</tr>
<tr>
<td>The hotel surrounding is welcoming</td>
<td>44</td>
<td>3.16</td>
<td>1.430</td>
</tr>
<tr>
<td>The hotel logo is easily identifiable</td>
<td>44</td>
<td>2.80</td>
<td>1.407</td>
</tr>
<tr>
<td>The hotel furniture is comfortable</td>
<td>44</td>
<td>2.64</td>
<td>1.313</td>
</tr>
<tr>
<td>The hotel plays the right music at the background</td>
<td>44</td>
<td>2.56</td>
<td>1.265</td>
</tr>
</tbody>
</table>

From the table 3 above the mean of 2.56 showed that the hotel does not play right music at the background. Most guests agreed that the material accessories reflect a social nature as shown by a mean of 3.27 and that the menu is well presented which is shown by an equal mean of 3.27. From the results there is an insignificant difference on the standard deviation which indicates that the respondents’ opinions were spread out between the scale given.

Competitive Advantage

Table 4: Respondents view on competitive advantage

<table>
<thead>
<tr>
<th>Competitive Advantage</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel offers complementary services</td>
<td>44</td>
<td>2.77</td>
<td>1.428</td>
</tr>
<tr>
<td>Hotel is easily accessible</td>
<td>44</td>
<td>3.27</td>
<td>1.436</td>
</tr>
<tr>
<td>Hotel is located at a convenience place</td>
<td>44</td>
<td>3.27</td>
<td>1.436</td>
</tr>
<tr>
<td>Hotel has ample parking space</td>
<td>44</td>
<td>2.80</td>
<td>1.407</td>
</tr>
</tbody>
</table>
Hotel is located at a secure place                        44  3.43   1.421
Hotel comes up with new items on its menu.                        44  2.93   0.974
Hotel has embraced modern check in methods.                        44  3.27   1.515
Hotel has patent products                                           44  2.95   0.591
Hotel has easily recognized products                                    44  2.84   0.479
Hotel has lively and eye catching adverts                          44  2.77   0.514
The hotel uses creative adverts                                   44  2.84   0.479
Hotel embraces technology in designing products                    44  2.86   0.632
Hotel embraces technology in process                                44  2.67   1.107

The mean of 3.27 shows that most of those who took part agreed that the hotels are easily accessible and that the hotels are located at convenient places. In addition, the guest agreed that the hotels have embraced modern check-in methods as can be inferred from means of 3.27. It was agreed by most respondents that the hotels have not embraced technology in service delivery as can be concluded from a mean of 2.67. On the perception of competitive advantage, it is evident that most of the respondents’ opinions were more distributed as supported by a standard deviation of 1.42, 1.43, 1.4, 1.42, 1.5, 1.1 over the statements given respectively. A low standard deviation of 0.479 indicated that most of the respondent disagreed that the hotel has easily recognized products and that they use creative adverts.

6. Regression Analysis

Table 5: Regression analysis on effects of marketing mix strategies on competitive advantage.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Change Statistics</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.6992</td>
<td>0.714</td>
<td>0.798</td>
<td>1.663</td>
<td>0.798</td>
<td>359.861</td>
<td>6</td>
<td>36</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
The researcher conducted regression analysis involving independent and dependent variables. The independent variables were people, physical environment, and process while competitive advantage was the dependent variable. The result showed that the model was significant $P_{value}=0.00<0.05$. With an $R$ value of 0.699 it was evident that the model explained 70% of the variation. The results of the model are presented above and they show that 71% of change in competitive advantage was explained by the conceptualized marketing mix strategies of hotel competitive advantage while the remaining percentage could have been explained by other variables.

**Table 6: Results of regression**

<table>
<thead>
<tr>
<th></th>
<th>Standardized Coefficients</th>
<th>$t$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>11.67</td>
<td>1.815</td>
<td>0.001</td>
</tr>
<tr>
<td>People</td>
<td>2.45</td>
<td>2.532</td>
<td>0.004</td>
</tr>
<tr>
<td>Process</td>
<td>3.67</td>
<td>3.962</td>
<td>0.004</td>
</tr>
<tr>
<td>Physical Evidence</td>
<td>3.56</td>
<td>2.491</td>
<td>0.001</td>
</tr>
</tbody>
</table>

From the table above the results showed that all the independent variables were significant the model shows that holding all other factors constant process will cause an increase of 3.67 in competitive advantage. This indicates that process have a greater effect on competitive advantage in hotels. A lowest beta value of 2.45 indicates that people have the least effect on competitive advantage in hotels and that holding all the other factors constant physical evidence will cause an increase of 3.56 in competitive advantage.

$Y = 11.67 + 3.56X_1 + 3.67X_2 + 2.45X_3 + 1.86$

Where $Y = \text{competitive advantage}$

$X_1 = \text{people marketing mix strategy}$

$X_2 = \text{process marketing mix strategy}$

$X_3 = \text{physical evident marketing mix strategy}$

**7. Discussion**

The results showed that the process of delivering services and products determines utility guests will accrue. This explains the significant effect of process on competitive advantage. Hotels that have an exemplary process of delivery will likely have a higher likelihood of retaining guests. This is likely to spread through word of mouth hence increase number of visits. The creating and building of relationships with guests as well as taking care of their comfort increases customer satisfaction consequently influencing competitive advantage. The process of delivering services and products determines efficiency. This elucidates the significant effect of process on competitive advantage. In the modern age, the use of technology increases service delivery. As
such hotels with modern booking technology such as making payments through mobile banking and internet banking, security cameras to ensure guests are safe and checking in technology will have competitive advantage over those that have not invested in technology. Investing in technology will create a perception that hotels have the well-being of guests in mind and that they are customer-centric.

The results showed that physical environment has an effect on competitive advantage. Comfort is one utility that guests seek to accrue from a hotel. As such hotels that deliver comfort will be a step ahead. In addition, the environment and its serenity affects ambience and attraction from taken photos presented in electronic and print tools of promotions. Consequently, a hotel with a serene environment such as well-maintained compounds, rooms cleaned up to standard will attract more guests as opposed to those with less serene environment. Physical environment such as availability of swimming pools increases a hotel’s attraction. In addition, physical environment also influences safety or the perception of safety hence those that come across as secure and safer will have a competitive advantage over those that whose environment create a picture of insecurity whether real or imagined.

The people who are employees represent an important part of the success of a business. Hospitality being a service industry it heavily relies on those tasked with the delivering products and services. As such when a hotel has competent well trained and ready to serve employees it will have a competitive advantage over those with less competent and with low willingness to serve. Creating relationships with guests, understanding and fulfilling their needs is a vital part in the hotel industry. In addition, solving problems in a professional manner one that leaves guests satisfied will increase competitive advantage.

8. Conclusion

The study found that physical environment, people and process have a significant effect on competitive advantage. This is because the afore mentioned facets help increase utility accrued by guests from the hotels they visit. In addition, the process of delivery and the people tasked with delivering it as well as the products and services delivered increase customer retention which is crucial in gaining competitive advantage.

9. Recommendations

There is need for hotels to focus on the staff they employ by ensuring that they are competent and are ready to serve guests by creating relationships. In addition, the hotel management should pay attention to process of delivering their products and services to increase the likelihood of having competitive advantage over peers.

REFERENCES


Kudheia (2015, May 1). Salaries of other hotel employees slashed by 30 percent to cut costs, Daily Nation, Kenya, Friday.


