



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
ASSESEMENT OF MARKETING STRATEGY PRACTICE IN FOUR
STAR HOTELS IN ADDIS ABABA

BY
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STAR HOTELS IN ADDIS ABABA**

BY – HEWAN TESFAYE

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REQUIREMENT FOR AWARD OF MASTER'S DEGREE IN
MARKETING MANAGEMENT**

APPROVED BY BOARD OF EXAMINERS

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Endorsement

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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2019

Declaration

I, Hewan Tesfaye, declare that this research is my original work and that it has never been presented to any institution or university for the award of Degree. In addition, I have referenced correctly all literature and sources used in this work and this work is fully compliant with St. Mary's University School of Graduate Studies academic honesty policy.

Signature

St. Mary's University

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List of Abbreviations and Acronyms

AHA: Addis Ababa Hotel Owners Association

MOCT: Ministry of Culture and Tourism

MICE: Meetings, Exhibitions, Conventions and Exhibitions

SME: Small and Medium Enterprise

PESTLE: Political, Economic, Social, Technological, Legal and Environmental

GDP: Gross Domestic Product

AU: African Union

EU: European Union

ECA; Economic Commission for Africa

UN: United Nations

NGO; Non-Governmental Organization

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Abstract

One of the core activities in Business Company to stay in a business is having a well-developed marketing strategy. The crucial success or failure of a company depends on its marketing strategy. Accordingly, this study has been conducted to assess the marketing strategy practices of four star hotels in Addis Ababa. It assessed how the marketing strategies were practiced in the hotels to achieve their goals associated with segmentation, target market, positioning and the marketing mix elements to satisfy customer requirements. The study is a descriptive type of research employed by using both qualitative and quantitative approaches. Both primary and secondary data collection instruments were used to collect data. The primary data was collected through open and closed ended questionnaire. Considering the size of the population is small the selections of the respondents was carried out by using census. The finding show that most of four star hotels used a mix of the 7P'marketing mix element in their marketing strategies. The research finds that most of the hotels used pricing and promotion as a means of marketing strategy. Furthermore, four star hotels have identified their major target customers which are NGO's and Tour and Travels. Moreover, four star hotel's market segmentation practice is mainly based on geographical and behavioral segmentation. Even though the marketing strategies of the hotels are most effectively practiced, there are some difficulties that the marketing department faced while implementing it. These are; limited budget, increment of promotional expense and production costs, seasonality of the sector, high turnover rate of marketers and lack of skilled man power specialized in hotel management.

Key Words: Marketing strategy, Marketing Mix, Segmentation, Targeting and Positioning

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CHAPTER ONE

1.1 Background of the Study

Marketing is about satisfying customer wants and needs and in the course of doing so facilitating the achievement of an organization's objectives. By paying attention to customer wants and needs, organizations are more likely to achieve their objectives in the marketplace. The essence of marketing is to define and create value to meet customer needs profitably (Kotler, 2016).

“Marketing strategy is a marketing logic by which the company hopes to create customer value and achieve profitable customer relationship”(Kotler and Armstrong, 2012).In order to create customer value and long term relationship with the very competent business environment companies must review and watch carefully the environment and their marketing strategy.

Homburg (2009) found that marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable advantage. Marketing strategies includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

Marketing strategy determines the choice of segments, target market, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company (Paul Fifield, 1994).

Thus, according to MOCT, the hospitality sector is showing a dramatic increase and Addis Ababa is becoming a hub of international meetings |Incentives |Conventions and Exhibitions (MICE).

Accordingly, in order to be competitive in the dynamic sector hotels should develop good marketing strategies. Consequently, this paper accesses the marketing strategy practices of four star hotels in the capital.

The hospitality industry is one of the largest and fastest growing industries around the world. The industry comprises of various sub-sectors which include the hotel sector, restaurant and resort. The industry has been one of the major employers throughout the world.

In Ethiopia, tourism is becoming one of the fastest growing economic and business sectors that generates foreign currency, offers job opportunities for the youth, and extends widely the service providing sector.

In a nutshell it's generating economic and social benefits to the country. In order to visit the magnificent features of the country many visitors are coming every year. Thus, hotel industry of the city of Addis Ababa plays an important role in the growth of tourism (AHA, 2014).

For many obvious reasons indicated above hotel groups in the capital of Ethiopia, Addis Ababa, are expanding partially because the diplomats and corporate clients coming are growing very largely. The Ministry of Culture and Tourism (MOCT) has the vision to make Ethiopia by 2020 a top five tourist destination in Africa (AHA, 2014).

1.2 Statement of the Problem

It is natural that every business organization whether small or large, private or government, domestic or international operate in a turbulent and uncertain environment. In the context of changing customer expectations, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in an efficient manner for business success. Due to this, managers must develop new tools, new concepts, new strategy and the new mindsets to cope with turbulent environments leading to discontinuous change (Jain, 1997).

For this reason it is difficult to remain competitive and to sustain growth. In such circumstances companies have to design a proper marketing strategy in terms of the major marketing mix's to overcome with the stiff competition.

Hotels are changing and will continue to change. As a result, the techniques of management of modern hotels must adapt to changing circumstances (Denney, 2007).

Third only to Brussels (185) and Washington DC (176) , Addis Ababa is home to 118 diplomatic missions accredited to both the government in Ethiopia, African Union and the UN – ECA, which adds to the increasing trend in the number of conventions held year in , year out (2015,AddisStandard.com).

The presences of a number of international organizations in Addis Ababa such as the African Union (AU), the European Union for Ethiopia (EU Ethiopia) and the Economic Commission for Africa (ECA), demands the hotel sector to be highly organized and at most delivery of services.

Thus, this study aims to answer the research questions and accesses the current marketing strategy practice of four star hotels in Addis Ababa.

1.3 Research Questions

- How are the marketing mixes the 7 P's elements designed in order to fulfill customer requirements?
- How do these hotels apply segmentation, targeting and positioning to take advantage over competitors?
- What are the problems encountered in order to implement the marketing strategies?

1.4 Research Objectives

The ultimate objective of the study is to assess the marketing strategy practice of four star hotels in Addis Ababa.

1.4.1 Specific Objectives of the Research

Specific objectives to be examined are as follows.

- To assess how the marketing mix elements used in the selected four star hotels
- To assess how hotels strategically applies segmentation, targeting and positioning the market to achieve their objective
- To identify factors encountering the implementation of marketing strategies in four star hotels

1.5 Scope of the Study

Having dynamic marketing strategy in a hospitality sector is not optional rather mandatory in today's marketing world. The competition is getting tougher each and every day. As a result, the biggest success lays on the marketing strategy of each hotel.

In Ethiopia, the definition of hotel includes all hotels from 1 star to luxury 5 star hotels. Thus, there are 78 star rated hotels in the capital according to 2015 first ever star rating process (Molla, 2015). Hence, 14 of them were awarded 4 stars. Moreover, this paper only focuses on Addis Ababa.

1.6 Significance of the Study

This research is important to the hospitality sector because it will provide an in- depth analysis of the marketing strategies utilized by four star hotels in Addis Ababa. Thus, this information can be used as a guideline for marketers towards more effective marketing strategy practice in the future.

Moreover, the study shall enable the researchers and academicians have a well-versed knowledge on the, strategies to adopt the changes in the external business environment and how turbulent the environment can get. This therefore shall contribute to the existing body of knowledge in the area of marketing strategies and form basis for further research of hotels in Addis Ababa, Ethiopia. Besides that, the findings can be a point of reference in the future.

1.7 Limitation of the Study

The study was limited and focused only on four star rated hotels which are 14 in number. However, there are more than 70 star rated hotels in the capital according to MOCT in 2015 first ever star rating process. Likewise, this research is based on the first (2015) star rating results and currently the ministry is conducting the second phase of star rating process.

1.8 Organization of the Study

The study is organized into five chapters. The first chapter deals with the introduction part of the study such as: background of the study, problem statement, significance of the study, objectives of the study and scope & limitations of the study. Chapter two, deals with the review of the related literatures. Chapter three explains the Research design and methodology of the study. Chapter four is about data presentation, analysis and interpretation. Finally, chapter five contains summary, conclusions and recommendations of the result.

CHAPTER TWO

Review of Related Literatures

This chapter gives an overview of literature that is related to the research problem presented in this study. Marketing strategy overview, three generic strategies, elements of marketing strategy, basic factors considered in the marketing strategy and major challenges in the implementation of the marketing strategy were introduced in order to give a clear idea about the research area.

2.1 Theoretical Review

2.1.1 Marketing Strategy Overview

Kotler and Armstrong (2012) defines Marketing strategy is a marketing logic by which the company hopes to create customer value and achieve profitable customer relationships. From the above definition we can understand that marketing strategy focuses on long term company objective and maintains a long term relationships with the customers and it is a means to realize the company's stated goal. Marketing strategy involves two key questions: which customers will we serve (segmentation and targeting)? And how will we create value for them (differentiation and positioning)? Then the company designs a marketing program the four Ps that delivers the intended value to the targeted customers (Kotler, 2012.)

In any business identifying the user of the products and services and as the same time value creation with the customer is a key success for the company. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources.

Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company.

Marketing strategies are the means by which marketing objectives will be achieved and are generally concerned with the four major elements of the marketing mixes; product, price, promotion and place (McDonald and Dunbar, 2007) Taking consideration of the above definition companies rely on marketing strategies for established product lines or services by designing a proper marketing mix business will sustain and customer's need will get satisfy.

All organizations, hotels included require marketing strategies to thrive and remain competitive in their industries. Considering the dynamic nature of the hospitality industry, various hotels ought to change their marketing strategies quite often to cope with the changing needs in the market and also remain ahead of competition (Kotler 2000).

To attain a sustainable competitive edge, an organization needs to identify its main strength and position itself in such a manner that is above competition in that segment (Johnson & Scholes, 2002). So as to create a distinct competitive advantage over rivals, a firm must select right combination of target markets and marketing mix. Hotels continually seek new ways to acquire, retain and increase business, because the cost of losing customers is rising.

Service is an important factor in retaining clients. The role of service is more important than ever, and is expected to become even more critical with time (Choi & Chu, 2001). Hotels that have the ability to attract, satisfy and thus retain customers are more likely to survive than hotels that do not do so. Successful customer retention allows the hotel to build relationships with its customers.

2.1.2 Elements of Marketing Strategy

A Marketing strategy is made of several interrelated elements. The first and most important is market selection which is directly related to choosing the markets to be served. Product planning includes the specific product the company sells i.e. the makeup of the product line, the design of individual offerings in the line. Another Element is the distribution system; the wholesale and retail channels through which the product moves to the people who ultimately buy and uses it. The overall communication strategy employs advertising to tell potential customers about the product through radio, television, direct mail, and personal selling to deploy a sales force to call on potential customers, urge them to buy, and take orders.

Finally, pricing is an important element of any marketing program and is most directed marketing elements in the creation of value to shareholders. The company must set the product prices that different classes of customers will pay and determine the margin of commissions to compensate agents, wholesalers, and retailers for moving the product to ultimate users (Mongay, 2006).

2.1.3 Segmenting, Targeting and Positioning (STP)

Michael (2011) suggests that “Almost any marketing textbook will tell you that the key to successful marketing can be summed up by the STP strategy—that is, segmentation, targeting, and positioning”. The term market segmentation refers to subdividing a market along some community, similarity or affinity. That is a member of the market segment share something in common. STP marketers attempt to identify those market segments, direct marketing activities at the segments which the marketers believe that their company can satisfy better than their competitors, and position their product offering so as to appeal to the targeted segments.

Actually, every buyer has individual needs, preferences, resources and behaviors. Since it is not impossible to provide for every customer’s individual characteristics, marketers group customers to market segments by variables they have in common. These common characteristics allow developing a standardized marketing mix for all customers in this segment. Andrew (2010) Good use of STP(segmentation, target market and positioning) lead to segmentation of the market in to groups that are homogenous by need, these groups can then be prioritized by their positional return and one or more is then chosen to be served-it/they become a target market-and a marketing mix is chosen to do just that.

2.1.4 Bases for Segmentation

The markets can be segmented based on the following basic customer's characteristics.

A. Demographic Segmentation

In demographic segmentation, we divide the market on variables such as age, family size, family life cycle gender, education; religion, race, generation, income, nationality and social class (Kotler, 2007). Gender, age, income, housing type, and education level are common demographic variables. Some brands are targeted only to women, others only to men. Music downloads tend to be targeted to the young, while hearing aids are targeted to the elderly. Education levels often define market segments.

B. Geographic Segmentation

Geographic Segmentation divides the market in to geographic unites such as nations, states, regions, countries, cities, or neighborhoods (Kotler, 2007). This is perhaps the most common form of market segmentation, wherein companies segment the market by attracting a restricted geographic area. For example, corporations may choose to market their brands in certain countries, but not in others. A brand could be sold only in one market, one state, or one region.

Geographic segmentation can take many forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high humidity areas versus dry areas, high elevation versus low elevation areas, and so on).

C. Behavioral Segmentation

In behavioral segmentation, marketers divide the buyers in to groups on the basis of their knowledge of, attitude towards; use of, or response to the product (Kotler, 2007). Behavioral segmentation is based on actual customer behavior toward products. Some behavioral variables include: Benefits sought, Usage rate, Brand loyalty, User status: potential, first time, regular, etc., Readiness to buy, Occasions: holidays and events that stimulate purchases.

D. Psychographic or Lifestyle Segmentation

Psychographic or Lifestyle Segmentation is a method of segmenting which seeks to classify people according to their values, opinions, personality, characteristics, interests and similar elements. Its nature makes the approach dynamic, as its elements change, life style also would be altered, and the segmentation based on this technique must be dynamic (Koyade, 2014).

2.1.5 Target Market Selection

Once the firm has identified its market –segment opportunities, it must decide how many and which one to target (Kotler, 2012). According to the above definition after segmentation the market to be served has to be identified in target marketing selection.

Targeting is the actual selection of the segment. A set of buyers sharing common needs or characteristics that the company decides to serve. According to Kotler, et al., (2010), market segmentation reveals the firm's market segment opportunities. The firm now has to evaluate the various segments and decide how many and which segments it can serve best. Target marketing helps sellers identifying marketing opportunities better.

The sellers can develop the right offer for each target market in which they can adjust their prices, distribution channels, and advertising to reach the target market efficiently. As Kotler, (1999) stated thus, target marketing calls for three major steps; the first is market segmentation the act of identifying and profiling distinct groups of buyers, who might require separate products and /or marketing mixes. The second step is market targeting, the act of selecting one or more market segments to enter. The third step is a market positioning, the act of establishing and communicating the products key distinct benefits in the market.

2.1.6 Positioning

The third strand of what was referred to at the beginning of this chapter as STP marketing involves deciding on the position within the market that the product is to occupy. In doing this, the strategist is starting to customers what the product means and how it differs from current and potential competing products.

Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning is how the product or service is to be perceived by a target market compared to the competition. It answers the question: “Why will someone in the target market(s) buy my product or service instead of the competitions?” An equivalent question is: “What should be the perceived value of my offering compared to the competitions?”(Kotler, 2012). Establishing a clear, strong, and differentiated position is the first step in developing an effective market to identify unique organizational characteristics, strengths, and market opportunities all of which inform the development of positions that set our clients apart from the competition, guide marketing decisions and drive growth.

2.1.7 Marketing Mix Strategies

Marketing is a continually evolving discipline and as such can be one that companies find themselves left very much behind the competition if they stand still for too long. One example of this evolution has been the fundamental changes to the basic Marketing mix. Where once there were 4 P’s to explain the mix, nowadays it is more commonly accepted that a more developed 7 P’s adds a much needed additional layer of depth to the Marketing Mix with some theorists even going further.

A) Product Strategy

Product repositioning strategy reviews the current positioning of the product and its marketing mix while seeking a new position for it that seems more appropriate. It aims at increasing life of the product as well as correcting original positioning mistake. At the end, there should be an increase in sales growth and profitability among existing customers. Among new users there is enlargement of the overall market, thus putting the product on a growth route, while increasing profitability. Development of new product uses increases sales, market share as well as profitability. Hotels offer services. Every hotel has their own unique service that stands out from its competitors. Some are known of their entertainers, special cuisines, spas and many others. These are the unique services that attract customers depending on what their needs are.

B) Price Strategy

Of all the aspects of the marketing mix, price is the one, which creates sales revenue -all the others are costs. The price of an item is clearly an important determinant of the value of sales made. In theory, price is really determined by the discovery of what customers perceive is the value of the item on sale. Researching consumers' opinions about pricing is important as it indicates how they value what they are looking for as well as what they want to pay. An organization's pricing policy will vary according to time and circumstances. Price Theory is concerned not with economic problems in the abstract, but with how a particular society solves its economic problems. Philip (1776) describes that it is also concerned with explaining economic activity in terms of the creation and transfer of value, which includes the trade of goods and services between different economic agents.

Methods of Pricing

A. Cost Based Pricing

Kotler, et.al (1999) defines that cost plus pricing is adding a standard markup to the cost of the product. To calculate products cost we need to include the cost of production, promotion and distribution. Add the profit level you want from the business to the product cost subtotal to determine your product price.

The amount of profit you add to the product cost subtotal can be set according to three different methods (a profit percentage with product cost, add a percentage to an unknown product cost and blend of total profit and product costs). Each of the three costs based pricing methods described begin with a product cost subtotal. Therefore, the company designs what it considers being a good product, totals the cost of making the product, and sets a price that covers costs plus a target profit.

B. Competition Based Pricing

Consumers will base their judgments of a products value on the prices that competitors charge for similar products (Kotler, et.al 1999). The big advantage of competition based pricing is that you are focused on your industry and therefore your competition. An industry focus looks closely at the types of existing and emerging competition. Once you know what your competitors are doing, you can better decide how you will manage your business.

C. Value Based Pricing

Value based pricing means that the marketer cannot design a product and marketing program and then set the price. Price is considered along the other marketing mix variables before the marketing program is set. The company set its target price based on customer perceptions of the product value. The targeted value and price then drive decisions about product design and what cost can be incurred. As a result, pricing begins with analyzing customer needs and value perceptions and a price is set to match consumers' perceived value (Kotler, et.al 1999).

C) Place

Kotler (2010) defines place as company activities that make the product available to target consumers. It plays a fundamental role in the marketing mix of a service. The place strategy outlines the how and where a company will place its products and services in an attempt to gain market share and consumer purchases. This component of the 4ps is sometimes referred to as the distribution strategy and may include the stores, both physical and online and any other means by which the company can reach customers. Jerome (1991) argues that place entails getting the “right” product to the target market’s place. A product is not much good to a customer if it is not available when and where it is wanted.

It is advisable for an organization to devise ways of reaching its target market easily and for customers to reach them without struggle. Hotels in Addis Ababa have an online booking system where you can be able to reserve a hotel room or a conference room from wherever you will be. The situation of the hotels from business companies and airport is also vital.

There are quite a number of hotels in the business and entertainment districts of Addis Ababa, where there are many businesses situated thereby making it convenient for them to secure their services. Some hotels are situated near the airport thereby convenient for tourists enabling them not to stay on traffic for long hours.

D) Promotion Strategy

Promotion is the business of communicating with customers. It will provide information that will assist them in making a decision to purchase a product or service. The razzmatazz, pace and creativity of some promotional activities are almost alien to normal business activities. The cost associated with promotion or advertising goods and services often represents a sizeable proportion of the overall cost of producing an item.

However, successful promotion increases sales so that advertising and other costs are spread over a larger output. Though increased promotional activity is often a sign of a response to a problem such as competitive activity, it enables an organization to develop and build up a succession of messages and can be extremely cost-effective. Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. These

strategies may be designed around advertising, personal selling, sales promotion, or any combination of all these. Kotler et al (2006) advises of well laid objectives and a sharp focus on target customers are necessary for an effective promotional program. An integrated communication plan consisting of various promotion methods should be designed to ensure that customers in a product/market cluster get the right message and maintain a long-term cordial relationship with an organization. Promotional perspectives must also be properly matched with product, price, and distribution perspectives. Strategies for development of promotional strategies include promotional expenditure strategy. Practitioners have developed rules of thumb for determining promotion expenditures that are strategically sound: either takes the form of a breakdown method or they employ the buildup method. Another approach regards marketing mix factor; the promotion decision should be made in the context of other aspects of the marketing mix (Porter, 1976).

Promotional mix strategy involves determination of a judicious mix of different types of promotion. Its objective is to adequately blend the three types of promotion to complement each other for a balanced promotional perspective. Media selection strategy entails choosing the channels (newspapers, magazines, television, radio, outdoor advertising, transit advertising, and direct mail) through which messages concerning a product/service are transmitted to the targets.

Some of a few types of media communication as depicted below:

Televisions-Television news usually tells fewer stories in few words. And the producer decides which stories to include in news casts, how long they should be and in what order they appear.

Radio- radio stations can be great for reaching a wide audience their news departments usually covers news with the smallest staffs, in the shortest time for each story, and with the most frequent deadlines.

Magazine and other publication- are a way to read a very specific audience with a story. These publications are typically organized around an interest group such as business, health care or higher education.

Newspaper and Internet-It is the most simple and cheap way to find out latest news. To support the above idea, communication through the media indicates the public and the information we

gather and sent to the public. The mass media can influence an entire nation very easily. Therefore, the company using these media should care in transferring their products.

Trade Fairs and Exhibitions

The purpose of trade fairs and exhibitions is to increase awareness and to encourage trial, largely through face to face contact of supplier and customer. They offer the opportunity for companies to meet with both the trade and the consumer, for both to build relationships outside traditional sales meetings. They are heavily used with business to business marketing, especially within technology and engineering based products. (Andrew, 2010.)

E) People

Hotel service is consumed at the same time as it is produced; both staff and other consumers can influence perceptions of service quality (Smith 2008). This is particularly true for 'high contact' services like fitness centers and hotels where 'staff members' are part of the service being consumed. This strategy involves management of human resources management policies and practices, developing a customer oriented culture throughout the firm and empowering employees to provide quality services, managing leadership, job re-design, and systems to reward and recognizing outstanding achievement (Berry, 1981). People component in service marketing mix also includes management of the firm's customer mix as other customers who are being served can also influence one's satisfaction with a service (Lovelock, 1996).

F) Process

Identifying process management as a separate activity is a prerequisite of service quality improvement (Lovelock 1996). Processes refer to the steps that a consumer progresses through in order to receive a service and those processes a service provider performs in order to deliver the hotel service (Smith 2008). For example: queuing for booking, submitting to security screening, finding the right room etc.

Company processes should be integrative in nature and aimed at meeting the strategic goals of an organization as well as creating, enhancing and delivering customer value and ultimate satisfaction (Mutsikiwa 2012). Processes should also be conducted in an appropriate way so that they do not take away customers' perceptions of expected quality of the product or service and real time delivery.

G) Physical Evidence

A hotel service is not tangible and is subjective, making it harder for a marketer to sell it as a commodity, standardized in quality and physical shape (Shiburyet al.2009). Physical evidence therefore represents visual and/or tangible clues of the service product that make a hotel service more tangible to the customer prior to purchase, during purchasing, and post purchasing it, reinforcing service quality. Physical evidence must be redesigned to be consistent with the personality that the firm wishes to project in the market place (Betts, 1994). Physical evidence includes: the design and construction of the facility, well groomed employees, clean and well maintained premises, well-manicured lawns, good food and beverage facilities, attractive hotel room and with excellent presentation. Actual surrounding and other visible cues can have a profound effect on the impression customers' form about the quality of the service they receive (Bitner, 1992).

2.1.8 Porter's Generic Competitive Strategies

Firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus.

Cost Leadership

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

Differentiation

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.

Focus

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others.

2.2 Empirical Literature Review

2.2.1. Strategic Marketing and Firm's Performance

The relationship between marketing strategies and organization performance can be described by the four P's of marketing. Some scholars argued that a firm pursuing product adaptation strategy in a global market achieves increased sales performance (Leonidou et al, 2002). An empirical study conducted by Cavusgil and Zou, (1994) validated that product adaptation is not only linked to sales growth but financial performance of companies such as profitability and return on investment. Product adaptation as a global marketing strategy therefore positively affects overall business performance. It is therefore suitable strategy toward market responsiveness as it offers the development of new products that meet the needs of a changing marketplace. There is a strong positive link between pricing and firm's performance. Pricing strategy may vary market to market because of many reasons associated with the PESTEL model such as political, economic, social, technological, environmental and legal forces.

However, the argument is valid to the extent that pricing strategy success is measured in terms of proportion of sales and profit level, and customer satisfaction.

Sales, financial and customer performance is achieved through promotional mix by gaining experience in the opportunities and problems arising in specific markets, boosting communication, personalizing relationships, and cultivating a team spirit with customers, and providing timely response and immediate support to the various needs (Kaynak and Kothari, 1984). The six related promotional mix is advertising; sales promotion, personal selling, trade fairs, personal visits, and promotion adaptation were found to be positively linked to firm performance (Styles and Ambler, 1994). With sound advertising procedures, the firm can communicate information, constantly remind, and persuade customers to buy the products and, therefore, generate more sales. The study results by Cateora and Graham, (1999) verified that advertising positively influence sales performance and other organization performance greater than other promotional mix variables.

Distribution strategy carries a critical role in dealing with delivery time that influences the performance of the firm. The effectiveness and efficiency in the delivery time of the products constitutes a key to total firm performance in the market as it affects the firm's operations in terms of competitiveness and success (Piercy et al., 1997). The results of the study by Keegan, (1995) exhibited a positive correlation between distribution channel and sales performance. In addition, significant findings on delivery time which is a result of distribution structures put in place by a firm were also observed to be related to sales volume, proportion of sales, and certain composite performance measures. Many studies are in support of distribution adaptation toward achieving and improving firm performance.

Various studies have been conducted trying to establish the relationship that exists between marketing strategies and performance of organizations. To begin with, the study by Zott & Amit (2007) examined the fit between a firm's product market strategy and its business model. The study manually collected dataset and found that novelty-centered business models—coupled with product market strategies that emphasize differentiation, cost leadership, or early market entry—can enhance firm performance. Data suggested that business model and product market strategy are complements, not substitutes. The study was however limited in addressing how business models evolve and in particular how they co-evolve with the product market strategy of the firm. Arasa, and Gathinji, (2014) conducted a study to determine link between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Kenya. The study identified the competitive strategies adopted by firms in the industry in Kenya, assessed the different levels of implementation of competitive strategies within the firms and examined the relationship between these strategies and firm performance. The research revealed that competition is high in the industry and product differentiation and low cost leadership are the most commonly used strategies. Other strategies include strategic alliance strategies and specific market focus strategies. The study concludes that the strategies adopted improve the overall firm performance. The key performance indicators influenced by these strategies include sales and market share, customer retention, profitability and product innovation.

Ge and Ding, (2005) conducted a study on manufacturing firms in China and evidence found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation has the strongest association with competitive strategy and market performance. The results of structural equation analyses indicated that the mediating effect of competitive strategy is mainly revealed in innovation strategy, the most vital factor in creating superior value for the company in the emerging market. Njeri et al, (2015) investigated the marketing strategies and competitiveness of four and five star hotels in Kenya. A comprehensive view of the marketing strategies of the hotels was provided by mapping out the place, product, pricing, people and promotion strategies. Clear links were also established between these strategies and the hotels' competitiveness. Dzisi and Oforu (2015) investigated the effect of marketing strategies on the performance of SMEs in Ghana in terms of their profitability, brand awareness and market share. The overall results of this study suggest that strategic marketing are drivers of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets. Results of the study also reveal that the SMEs in Ghana mostly use traditional form of marketing to reach potential customers and also to entrench their brands.

2.2.2 The Effect of Marketing Mix in Attracting Customers

The study by Pour, Nazari and Emami (2013) named "The effect of marketing mix in attracting customers: case study of saderat Bank in Kermanshah province". Since researchers sought to explore the relationship between combining elements of marketing and attracting customers to the bank in Kermanshah Province using survey method and the research was descriptive type. The study used hypothesis saying that "Marketing mix elements and the relationship between bank customers are significant".

After test has been made the researchers has drawn the following conclusions. They conclude that there is a significant positive relationship between the bank customers and the marketing mix elements to advance the goals of the bank. Marketing involves a number of activities. To begin with, an organization may decide which of its target group of customers to be served. Once the target group is decided, the product is to be placed in the market by providing the appropriate product, price, place and promotion. These are to be combined or mixed in an appropriate proportion so as to achieve the marketing goal.

2.3 Conceptual Framework

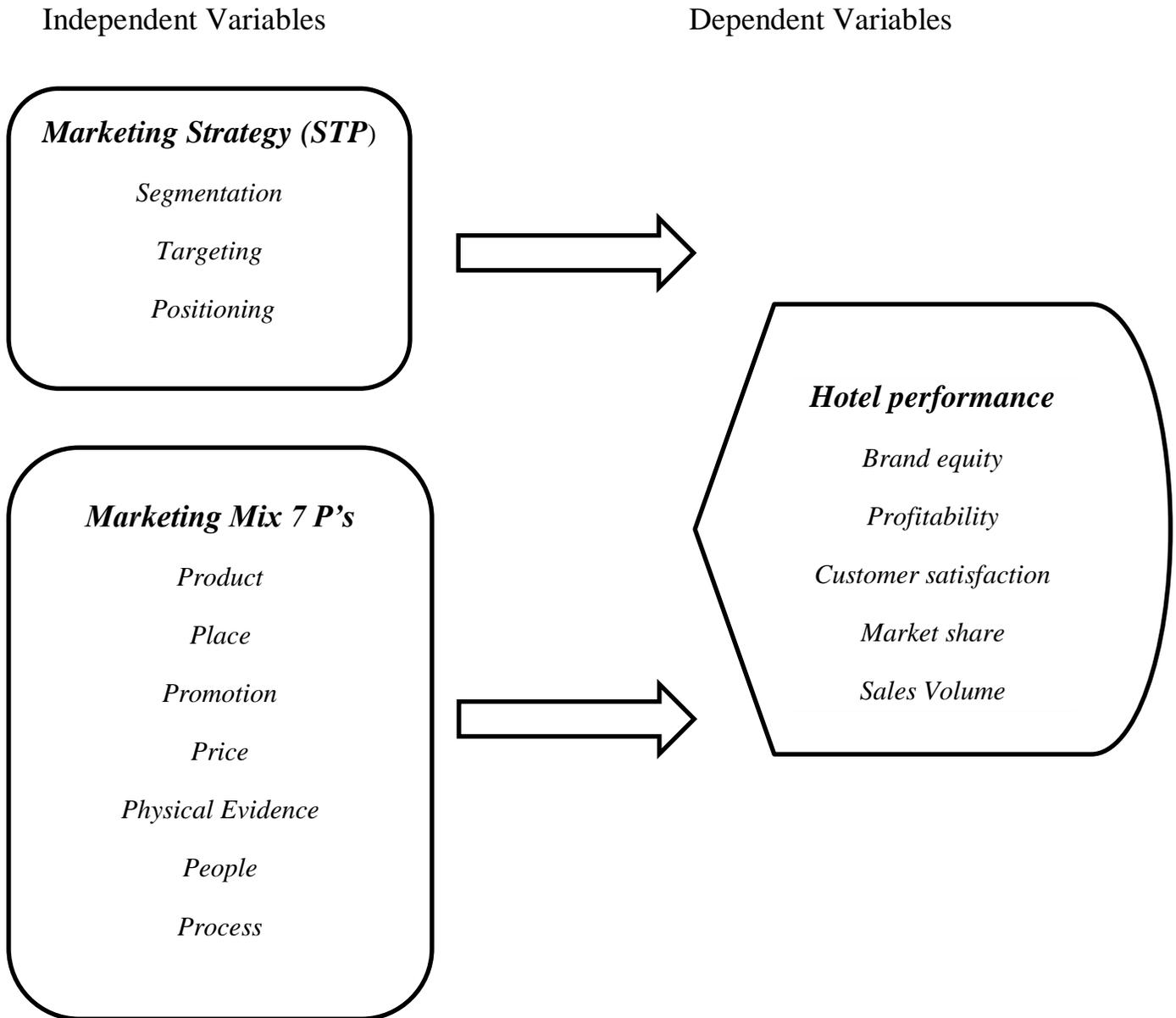


Figure 2.1 Conceptual Framework

Source – own survey (2019)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

Research design aids the researcher in the allocation of limited resources by posing crucial choices. It is used as the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research (Cooper, 2003). This study is conducted based on the descriptive research design. The objective of descriptive research is 'to portray an accurate profile of persons, events or situations' (Saunders et al, 2009). The descriptive research type describes data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when, to whom, how, and to what extent. It is mainly concerned with describing the nature or condition and the degree in detail of the present situation.

3.2 Target Population

The target populations of the study were the employees' of the sales and marketing department in each four star hotel in Addis Ababa who have a direct exposure to the marketing activity. There are 14 four star hotels and each hotel has a minimum of 5 employees who are working in the marketing department. Thus, a population of the study was 72 employees' of marketing department staffs. Therefore, considering the size of the population is small, the target population in general was address fully through census.

3.3 Sources of Data

The source of data eventually determines the validity of the research. It is believed that all employees 'of the marketing department are well conscious about the marketing strategy of their perspective hotel. Both primary and secondary data was employed. Primary data was collected through open and close ended questionnaires.

3.4 Data Collection Methods

The study used both primary and secondary data. The primary data was through the use of questionnaires which were chosen due to being time saving and convenient for obtaining a wide range of information.

The questionnaires consisted of both close ended and open ended questions which were useful in obtaining detailed information from the respondents. In order to cover the research objectives, the questionnaires were subdivided each question referring to a specific research objective. In order to improve the response rate and quality of data gathered, the researcher dropped the questionnaires to the respondents and picked them later after completion. Secondary data was obtained from the monthly management reports, brochures, factsheets and sales kits.

3.5 Methods of Data Analysis

Data analysis refers to the process of obtaining meaningful information from the collected data (Kombo & Tramp, 2006). Before processing the responses, the completed questionnaires were checked for completeness and comprehensibility to ensure consistency.

The data received from the respondents was analyzed with the help of statistical software program: statistical package for social sciences (SPSS) version 20.

The data was then edited, classified and coded. The qualitative data was analyzed using content analysis because the focus was on interpretation of the results rather than quantification. Quantitative data was analyzed through the use of descriptive statistics which include frequencies and percentages. The analyzed data was then presented in form of tables.

3.6 Ethical Consideration

The confidentiality of information brought by research subjects and the anonymity of respondents will be respected. And also research participants participated in a voluntary way, free from any pressure. Harm to research participants was avoided and the independence of research is clear, and any conflicts of interest or partiality is explicit.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter deals with the data presentation, interpretation and analysis of the study. It has two parts. The first is background of the respondents and the second part is about question related with the research topic.

4.1 Profile of the respondents

4.1 Response rate

Questionnaires were distributed to 72 employees of marketing department staffs of four star hotels in Addis Ababa. Among these 67 (93%) were filled questionnaires properly and returned on time. The rest 5 (6.9%) were failed to complete and return the questionnaires. All the returned questionnaires were completed and considered for the analysis.

Table 1.1 Response rate

Questionnaires	Number	Percentage
Returned	67	93.05%
Unreturned	5	6.94%
Total	72	100%

Source – own survey (2019)

4.2 Gender of the respondents

As indicated below, 42 (62.7%) of respondents were female and the remaining 25 (37.3%) were Male respondents.

	Frequency	Percent
male	25	37.3
female	42	62.7
Total	67	100.0

Source – own survey (2019)

Table 1.2 Gender of the respondents

4.3 Age of respondents

	Frequency	Percent
18-25	4	6.0
26 – 35	49	73.1
36 -45	9	13.4
Above 46	5	7.5
Total	67	100.0

Source, own survey (2019)

Table 4.3 Age of the respondents

According to Table 4.3, the age of majority of respondent were between 26 and 35 years old that Accounts 49 (73.1%). Employees who were between 36 to 45 years are 9 (13.4%), 4 (6.0%) were below 25 years of age, and the rest above the age of 46 were 5 (7.5%). This indicates that most of the employees in sales and marketing department in four star hotels are youths.

4.4 Educational background of the respondents

As indicated in Table 4.4, out of 67 respondents, 48 (71.6%) of them have first degree. Whereas 8 (11.9%) have diploma level education and the rest 11 (16.4 %) respondent have masters level of education.

	Frequency	Percent
Diploma	8	11.9
Degree	48	71.6
Masters	11	16.4
Total	67	100.0

Source, own survey (2019)

Table 4.4 Academic background of respondents

4.5 Position of the respondents

	Frequency	Percent
Sales Manager	11	16.4
Marketing Manager	5	7.5
Sales Executive	42	62.7
Sales & Marketing Director	9	13.4
Total	67	100.0

Source – own survey (2019)

4.5 Position of the respondents

According to Table 4.5, majority of the respondents was sales executives which comprises of 42 (62.7 %) of the total, 11 (16.4 %) were sales managers and 9(%) were sales and marketing directors. The remaining 5 (7.5 %) were marketing managers.

4.6 Years in Service

As can be seen in Table 4.6, Majority of the respondent's service in the company is less than a year which accounts 34 (50.7 %) following by 14 (20.9%) is between 1-3 years of service and 11 (16.4%) had between 3-5 years of experience in the company, the rest 8 (11.9%) of the respondent have experience of more than 5 years. Short years of experience shows that there is relatively higher employee turnover as a result it increase cost of hiring new employees and poor time management. As a result, the hotels cannot achieve its objectives and maximize its profit.

Table 4.6 Years in Service

	Frequency	Percent
Less than a year	34	50.7
1-3 Years	14	20.9
3 – 5 years	11	16.4
More than 5 years	8	11.9
Total	67	100.0

Source- own survey (2019)

4.7 Age of hotels

	Frequency	Percent
Under 5 years	1	1.5
6-10 years	9	13.4
11-15 years	4	6.0
	14	20.9
	53	79.1
	67	100.0

Source- own survey (2019)

4.7 Age of Hotel

This section sought to establish the duration the hotels had been in operation as a measure of their age and hence experience to enable providing of reliable information. The results obtained are as presented by Table 4.7. The findings revealed that the hotels had been in operation for under 5 years was 1(7.1%), had been operation for a period 6- 10 years 9(64.3%), had been operational for a period of 11-15 years were 4 (28.6%).

This shows that the hotels had been operational for a considerable length of time hence fully aware of current marketing strategies and how these strategies affected performance of these hotels.

Table 4. 8 Size of the hotel

This section sought to identify the number of rooms in the hotels as a measure of their size. The findings are as presented below. As shown, 4(28.6%) of the hotels had below 50 rooms, 4 (28.6%) had between 51-100 rooms, and 5(35.7%) had between 101-150 rooms, while (7.1%) 1 had above 151 rooms respectively. This shows that majority of the hotels, had above 50 rooms, thus an indication of their large size. Hence they are capable to undertake a diversity of strategies aimed at gaining competitive advantage.

Table 4.8 Size of hotel

	Frequency	Percent
Below 50 rooms	4	6.0
51-100 rooms	4	6.0
101 – 150 rooms	5	7.5
Above 151 rooms	1	1.5
	14	20.9
	53	79.1
	67	100.0

Source – own survey (2019)

4.2 Results and Discussions of Specific Questions

4.9 Opinion of Employees towards the Company’s Marketing Mix Strategies

What marketing strategy mix does your hotel use?	Responses		Percent of Cases
	N	Percent	
Product	20	16.4%	29.9%
People	5	4.1%	7.5%
Price	36	29.5%	53.7%
Physical Evidence	16	13.1%	23.9%
Promotion	30	24.6%	44.8%
Process	5	4.1%	7.5.9%
Place	10	8.2%	14.9%
Total	122	100.0%	338.9%

Source- own survey(2019)

The marketing mix deals with the way in which a business uses product, price, promotion, peoples, place and physical evidence to market and sell its product or service. As shown in table 4.8, all of respondents 67(100%) responded that their hotels uses more than one 7 Ps of marketing mix elements.

The response implies that the company uses at least more than one 7Ps of marketing mix elements for marketing strategy implementation. And it shows that the company is using for achieving marketing targets in terms of sales, profit and customer satisfaction.

4.10 Customers reason for buying your hotel product and service

What are the customer's primary reason for buying or using your hotel service and products?		Responses		Percent of Cases
		N	Percent	
	Quality of product	39	38.6%	58.2%
	Location	31	30.7%	46.3%
	Lower price than others	21	20.8%	31.3%
	Effective promotion	10	9.9%	14.9%
Total		101	100.0%	150.7%

Source- own survey (2019)

As indicated on Table 4.10, majority of the respondents which accounts 39 replied that the

Primary reason for wanting or using the selected hotel is because of quality of product/service replied that location 31 and the remaining 21 were lower price than others, 10 of the respondents said that effective promotion. These results indicate that the primary reason of buying or wanting a hotel service is quality and location of the hotel.

4.11 Employees response about products / service quality

What is your opinion about product and services of your hotel?		Frequency	Percent
	Medium	12	17.9
	Good	14	20.9
	Very Good	41	61.2
	Total	67	100.0

Source- own survey (2019)

Product quality is rapidly becoming an important competitive issue and constantly changing to meet changing consumer demands. As shown in Table 10, more than half 61.2% of the respondents replied that the company's product quality is rated as very good, 20.9% of respondent responded that good and the rest 17.9% said that the product quality is medium.

This implies that the products that are provided by the company are quality. Since, majorities of the respondents fall in very good and good mode. By providing a quality product and service hotels can sustain their competitive advantage.

4.12 Employees opinion about the price of their product and service

What is your opinion concerning the price of the company's products?	Frequency	Percent
Affordable	18	26.9
Expensive	42	62.7
Very expensive	7	10.4
Total	67	100.0

Source- own survey (2019)

As indicated on Table 12, 62.7 % of the respondents replied that the pricing strategies of the company's product are expensive, 26.9 % revealed that as it is affordable, the rest 10.4 % said that as it is very expensive. From the above discussion what it implies that hotel's pricing strategy is very expensive and unaffordable for middle income visitors. Thus, the sales and marketing department have to find ways and consider the local and middle income customers.

4.13 Employees response concerning the channel/medium of reaching customers

Which of the following marketing channel does your hotel use to distribute your Product /services?		Responses		Percent of Cases
		N	Percent	
marketing channel	Direct personal selling	61	45.5%	91.0%
	Direct online sales	41	30.6%	61.2%
	Indirect through the channels	22	16.4%	32.8%
	Telemarketing	10	7.5%	14.9%
Total		134	100.0%	200.0%

Source- own survey (2019)

The above table shows about 61(45%) of the respondents agreed with the selling mechanism of the product is done by direct personal selling and 41(30.6%) of them answered that the selling process is through indirect online sells. The remaining 22 (16.4%) replied selling process is through indirect online channels.

4.14 Employees opinion about the promotional mix strategies

Which of these promotional activities/ mediums does your company undertake?		Responses		Percent of Cases
		N	Percent	
	Media (TV, Radio, Newspaper)	63	55.3%	94.0%
	Internet	40	35.1%	59.7%
	Exhibitions	11	9.6%	16.4%
Total		114	100.0%	170.1%

Source – own survey (2019)

As shown in table 4.14, Regarding the hotels promotional mix strategy, most of the respondent 63 (55.3%) replied that the best strategy of advertising is through media communication (TV, Radio, Newspaper), 40 (35.1%) respondents replied that the finest advertising strategy is using internet as a promotional mix.11 (9.6%) of the respondents revealed that the best promotional mix strategy of the hotel is through exhibition. Hence, we can conclude that the best way to promote a hotel product and service is through media advertisement. This media advertisement includes TV shows; Radio reaches at least in all regions, and Newspapers.

Generally, advertising can reach geographically dispersed buyers efficiently. This implies that the hotel’s way of advertising means is limited on the above strategy.

4.15 Employees opinion about effectiveness of promotional tools

As illustrated on Table 4.14, majority of respondents noted that advertising and personal selling are the most effective mechanisms of four star hotel’s promotional activities. Accordingly, 42(62.7%) of respondents reply Advertising is most effective and the remaining 25 (37.3%) were effective. Whereas, 60 of the respondents said personal selling is most effective and the rest 7 said personal selling is effective. These all indicate the company’s promotional mix strategies are vital for the marketing of products and services of a hotel.

Advertising	<i>Frequency</i>	<i>Percent</i>
Effective	25	37.3
Most effective	42	62.7
Total	67	100
Sales Promotion		
Least effective		
Effective	40	59.7
Most effective	19	28.4
Total	8	11.9
	67	100
Personal Selling		
Effective		
Most effective	7	10.4
Total	60	89.6
	67	100
Public Relation		
Least effective		
Effective	29	43.3
Most effective	8	11.9
Total	30	44.8
	67	100

Source; own survey (2019)

4.16 Bases of market segmentation

What are the bases of segmenting the market?	Responses		Percent of Cases
	N	Percent	
Geographic Location	45	44.6%	67.2%
Demographic	10	9.9%	14.9%
Behavioral	33	32.7%	49.3%
Psychological or Lifestyle	13	12.9%	19.4%
Total	101	100.0%	150.7%

Source; own survey (2019)

Table 4.15 indicates that the majority of respondents said that the bases of the hotels market Segmentation are geographic which accounts 45(44.6%) of respondent, 33(32.7%) of the respondent replied as behavioral segmentation, 13(12.9%) respondents answered as the basis of segmentation is psychographic or lifestyle segmentation and the least number of respondents 10(9.9%) said that it is based on demographic segmentation. From these responses, we can conclude that the basis of the company's market segmentation is geographic location that can take many forms.

4.17 Employees opinion about hotel's major target groups

The one and most crucial activity of the marketing strategy is the selection of target markets or the identification of the products to whom delivered. With the current competition in the hospitality sector, having a well-defined target market is more important than ever. Identifying the target market is an essential step in the development of the hotel marketing strategy and it will help the company to use its resources more wisely.

As the below table shows, 60(45.8%) of the respondents said that the target markets are Non-Governmental Organizations (NGO's) 41(31.3%) of the respondents replied that the target customers are Tour and Travel companies. Whereas, the rest of 20(15.3%) of the respondents said the target customers are International institutions. Governmental offices took 10 (7.6%) of the target.

Hence, we can conclude that major target groups are foreigners since NGO's and Tour and Travel companies mainly serves international travelers for business and leisure purpose respectively.

Who are the hotel's major target groups?	Responses		Percent of Cases
	N	Percent	
NGO	60	45.8%	89.6%
Tour & Travels	41	31.3%	61.2%
International companies	20	15.3%	29.9%
Governmental	10	7.6%	14.9%
Total	131	100.0%	195.5%

Source; own survey (2019)

4.18 Employees opinion about marketing strategy practice

I can perform the marketing strategy practices of the company effectively?	Frequency	Percent
Undecided	2	3.0
Agree	30	44.8
Strongly Agree	35	52.2
Total	67	100.0

Source; own survey (2019)

The above table reveals that the employee performance about the company strategies. From the total respondents about 52.2% strongly agreed that as they can perform the hotels marketing strategy effectively. The other 44.8 % of the respondents said they were agreed to perform the company's marketing strategies. On the other hand, 3.0% of respondents answered undecided to perform the overall marketing strategy of the company. This implies that the employees can perform the marketing strategy practices of the hotel effectively. Hence, the Marketing strategies are the means by which the marketing objectives will be achieved the employees of the marketing department are performing their duties to achieve the hotel's objectives.

4.19 Employees response concerning the overall marketing strategies

How would you rate the company's overall marketing strategies		Frequency	Percent
Valid	least effective	8	11.9
	Effective	20	29.9
	most effective	39	58.2
	Total	67	100.0

Source; own survey

As illustrated on Table 4.18, 58.2% of respondents responded that the company's overall marketing strategy is most effective. 29.9% of respondents replied that effective. However the remaining 11.9% of respondents said that the company's overall marketing strategy is least effective. According to the above analysis it implies that, the overall marketing strategy of the company accomplishes its duties with in a given constraints and the marketing strategy practices are successfully achieved its objectives.

4.19 Major challenges in implementing marketing strategy

Hoteliers face different challenges in order to implement marketing strategies. Below are the major challenges which were forwarded by the respondents.

- **High cost of advertisement:** this day's the cost of advertisement and production costs were skyrocketed. Particularly, when it comes to hotel properties it needs ample time and quality videos. Since, each of the hotel properties (Restaurants, Meeting venues, Bars, Lobby area, rooms and foods, gym and spa services, swimming pool if exists should be included. This will have a direct increase on the price of an Advertisement.
- **Very limited operational budget for marketing and sales activities:** almost all of the hotels mentioned budget as a major challenge to implement different marketing strategy of the hotels. Very limited amount of birr assigned to the sales and marketing department comparing to others. This implies that marketing strategies and assessments are underrated in the hospitality sector.
- **Seasonality of the sector:** hospitality sector is a very seasonal industry around the globe. As mentioned on the major target groups of the hotel NGO and tour and travel companies were highly ranked. This implies that, the low season in the tourism sector (June – August) directly influences the revenue of hotels. In addition, New Year and Christmas (December & January) holidays affect the hotel revenue in significant number. Accordingly, this affects the marketing department from implementing the marketing strategy practices of the hotel.
- **High turnover of marketers:** according to respondents 50 % of them write that high turnover rate affects the marketing strategy practice of the hotel. Furthermore, own data entitled Year of Service stated that 50.1 % of the respondents had less than a year stay in a particular hotel.
- **Lack of skilled manpower in hotel management:** the other major challenge which was mentioned by directors of the hotel was lack of skilled man power who are graduates of hotel management.

CHAPTER FIVE

Summary, Conclusion and Recommendations

This chapter contains summary of the study, conclusion and recommendation for hoteliers, policy makers and areas for further research. Summary and conclusions were made in line to the study objective which was to assess the marketing strategy practice of four star hotels in Addis Ababa, Ethiopia.

5.1 Summary of the findings

This study was envisioned to assess the marketing strategy practices of four star hotels in Addis Ababa. The study was designed mainly to deal with how market segmentation, target marketing, positioning and marketing mix are used in order to enhance, maintain and attract customers and to identify how these tools are bring into line with marketing strategy of the company.

The study uses descriptive research design and the study was carried out through collecting data by questioner from the marketing department employees of four star hotels. In addition, secondary data also gathered by reviewing different books, research papers, articles, journals and websites.

After a hard analysis of the data collected through a survey questionnaire the following the major findings of the study are summarizes as follows:

- Most of the hotels use at least more than two P's of marketing mix.
- The customer's primary reason for buying the hotel's service is because of the quality of the product and location.
- The hotels product qualities were rated as very good and good manner.
- The price of hotels product was expensive and affordable.
- The hotel's distribution channels {mediums} were through both direct personal and direct online channel but it's mainly through direct personal selling.
- Media, Internet and exhibitions are the hotel's best promotional mix strategy practices.
- Advertising and personal selling are the most effective mechanisms of the hotel's promotional activities & sales promotion was the least effective mechanism to promote hotel.

- The hotel's bases of market segmentation are founded on geographic and behavioral divisions.
- An employee of the marketing department of the hotel agrees that, they can perform the marketing strategy practices of the company effectively.
- According to employees' response, the overall company's marketing strategy practices are most effective.
- Major challenges in the implementation of the strategy are: budget, season ability of the sector, lack of skilled man power , high turnover rate, high advertisement nd production costs and owners unwillingness.

5.2 Conclusion

Based on the findings of the study variety of outcome were drawn considering the research questions. Marketing strategies are the means by which the marketing objectives will be achieved. The employees of sales and marketing department of each hotel are performing their duties to achieve the company's objectives.

To satisfy the needs of the customers and achieving the marketing objectives hoteliers employs the marketing strategy elements to achieve their objectives; those elements are selection of market segmentation, target customers, positioning strategies and marketing mix strategy elements. Almost all four star hotels applies at least two of the 7Ps of marketing mix elements to achieve their target or budget. The 7P's are Product, Price, Promotion, Place, Physical Evidence, Process and people.

These are vital to implement the marketing strategy effectively, because each mix affects the other. Therefore, all the mixes are essential for the hotel to achieve its customer requirements.

Promotional strategy is also an essential tool for the practice of the marketing strategy of a hotel. Its promotional tools are advertising, personal selling, sales promotion and public relation. Many four star hotels promote their products and services by means of mini billboards near the property, Advertisements by Television, Radio and even Newspapers and Travel guide magazines. Hotels promotional mix strategies create a good image for the hospitality sector.

- Four star hotels major target customers were Non-governmental organizations and Tour and travel companies.
- Marketing strategies practiced by four star hotels were aligned with their set target, but more work yet to be done on promotion to advertise their products and services.
- Even if all marketing mix elements are practiced, the most devised marketing mix elements are price and promotion.
- Four star hotels are segmenting their target groups mainly based on geographical and behavioral segmentations.
- The study also indicates that effective marketing strategies have a great impact on the performance of the hotel. Hence proper strategies alignment and formulations will result in improved performance of the hotels. This is because strategic marketing is the driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets.
- The major problems four star hotels are experiencing in implementing their marketing strategy are lack of skilled manpower, high turnover rate in the department, limited budget, seasonality of the sector, owner's unwillingness.

5.3 Recommendation

The researcher recommends the following points to be taken by four star hotels to improve marketing strategy and to use the existing opportunities of the hospitality sector in Ethiopia.

- Most of the hotels failed to show customer survey reports. The hotels should take periodical customer survey to know where the perception of the customer lies.
- Every four star hotel should invest, periodically on marketing research. This is because effective marketing strategies are products of marketing research. Thus, good and adequate marketing mix is a product of effective marketing research too.
- Building brand loyalty through coordinating various promotional tools must be considered
- Each four star hotel should strive to create, raise and refine its name, brand, services and products given in the property across the entire society – everyone(potential buyers) should know and display how the company uniquely service customers' needs.
- Adequate resources (Budget) should be allocated to insure the strategies are implemented effectively. Further, the marketing strategies implementation should be supported by an understanding of the hotel industry organization, the needs of target customer segments, positional advantages being sought, and trends in the environment. This will consequently improve on the hotel's market revenue, share and profitability. Additionally, the organizations should focus more on the practices that are likely to accrue more benefits. This should therefore go a long way in not only boosting but also improving the organization performance at large.

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Annex-1 Questionnaire

Dear respondent,

This questionnaire is prepared to gather data to be used as an input for the research entitled ***“Assessment of Marketing Strategy Practice of Four Star Hotels in Addis Ababa”***. It's prepared in partial fulfillment of Masters of Marketing Management at St. Mary's University. Filling in this questionnaire form takes only a couple of minutes and all the respondents remain secret. Thank you very much in advance for your cooperation.

Kind regards,

Hewan Tesfaye (Hewi296@gmail.com)

Part I - General Information

1. Gender

Male () Female ()

2. Age

a) 18-25 b) 26 – 35 c) 36 -45 d) Above 46

3. What is the highest level of education?

- a) Diploma
- b) Degree
- c) Masters
- d) PhD and more

4. Kindly indicate how long you have served in this hotel ?

- a) Less than a year ()
- b) 1-3 Years ()
- c) 3 – 5 years ()
- d) More than 5 years ()

5. Position

- a) Sales Manager

- b) Marketing Manager
- c) Sales Executive
- d) Sales & Marketing Director

How long has your hotel been in operation?

- a) Under 5 years ()
 - b) 6-10 years ()
 - c) 11-15 years ()
6. What is the size of your hotel in terms of rooms available?
- a) Below 50 rooms ()
 - b) 51-100 rooms ()
 - c) 101 – 150 rooms ()
 - d) Above 151 rooms ()

Part II – Specific Questions

1. What marketing mix strategies does the hotel use? (Multiple Responses are Possible)

- | | | | |
|-----------|--------------------------|-------------------|--------------------------|
| Product | <input type="checkbox"/> | People | <input type="checkbox"/> |
| Price | <input type="checkbox"/> | Physical Evidence | <input type="checkbox"/> |
| Promotion | <input type="checkbox"/> | Process | <input type="checkbox"/> |
| Place | <input type="checkbox"/> | | |

2. What are the customers' primary reasons for buying to use the service of your hotel?

- Quality of product
- Location
- Lower price than others
- Effective promotion

If any other Please specify _____.

3. What is your opinion about the products quality?

Very good

Good

Medium

Poor

Very poor

4. What is your opinion concerning the price of the company's products?

Very expensive

Expensive

Affordable

Cheap

Very cheap

5. Which of the following marketing channel does your hotel use to distribute your

Product /services? (Multiple Responses are Possible)

Direct personal selling

Direct online sales

Indirect through the channels

Telemarketing

If any other Please specify _____.

6. Which of these promotional activities/ mediums does your hotel undertake?

(Multiple Responses are Possible)

Media (TV, Radio, Newspaper)

Internet

Exhibitions

If any other Please specify _____

7. On the rate 1 to 3, where 1 represents “least effective” 2 represents “effective” and 3 represents “most effective”, how would you rate the appropriateness of the following Promotional mixes to the company?

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

<i>Promotional Tools</i>	<i>1</i>	<i>2</i>	<i>3</i>
---------------------------------	-----------------	-----------------	-----------------

Advertising			
-------------	--	--	--

Sales Promotion			
-----------------	--	--	--

Personal Selling			
------------------	--	--	--

Public Relation			
-----------------	--	--	--

8. What are the bases of segmenting the market? (Multiple Responses are Possible)

Geographic Location

Demographic

Behavioral

Psychological or Lifestyle

If any other Please specify _____.

9. Who are the hotel’s major target groups? (Multiple Responses are Possible)

Individual Customers/walk ins

NGO'S

Tour & Travels

International companies

Governmental

If any other Please specify _____

10. I can perform the marketing strategy practices of the company effectively.

Strongly agree

Agree

Undecided

Disagree

Strongly Disagree

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

1 2 3

12. What are the major challenges in the implementation of marketing strategy of the hotel?

13. If you have further comments please indicate in the space provided below.

Part III - Performance of the Hotel

Please indicate the performance of your hotel relative to your competitors based on the following? Kindly use a scale of 1 to 5 where 1 is to very small extent, 2 to small extent, 3 to moderate extent, 4 to large extent and 5 to very large extent to rate the following statements.

<i>Performance indicators</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Brand equity					
Increase in market share					
Increase in sales volume					
Increased customer satisfaction					
Customer loyalty					
Increase in net profits					
Brand visibility					

THANK YOU FOR YOUR COOPRATION!

Part IV- Interview Questions

1. Name of the hotel?
2. What services does the hotel deliver?
3. Is there a marketing strategy for the hotel in order to compete with others?
4. If yes for question number 3, how are they developed? Who prepares them?
5. If No for question number 3, what keeps your hotel from developing marketing strategies?
6. How do you implement them?
7. What do you think about marketing strategy and hotel performance?