

# Research on Marketing Strategy of Economy Hotel

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## Abstract

On the basis of a scientific definition on economy hotels, marketing and marketing strategy, the article makes a systemic review about economy hotels' marketing strategy. The existing researches of economy hotels mostly focus on core competitiveness, competitive strategy and regional development, while less results on economy hotel marketing strategy. This article discusses the current development situation of our China's economy hotel, makes analysis on industry environment, management advantage and development disorder, and points out the necessity of making a scientific marketing strategy.

**Keywords:** Economy Hotels, Marketing Strategy, Competitiveness, Hotel Marketing

## 1. Introduction

At the period of 20 years of reform and opening-up, Chinese hotel industry was continuously developing, which advances the development of hotel management theory and promotes the updating of hotel marketing theory. In generally, the research results in Chinese hotel marketing strategy at this stage can be roughly divided into three parts: traditional marketing strategy research, new-type marketing strategy research and innovative marketing strategy research. it's important to note that the traditional marketing strategy in this article refers to 4PS theory centered marketing, while the new-typed

marketing strategy includes experience marketing, brand marketing, relationship marketing, internet marketing, green marketing, integrated marketing, cultural marketing and other forms.

As we all know, the production and consumption of hotel products are synchronized and need the customer to attend the whole service procedure, the product can be accomplished by customer together with service staff according to their needs in the production procedure. The process of service is a widespread interaction course between customer and service provider, while the service quality is not only depending on the quality of service staff but also closely related with the customers' behavior. So, it's clear that hotel product is highly in experiencing. Professor Xue Xiu-fen carried out some exploring researched on hotel experience marketing, and discussed its conception. In addition, she considers that the rise of network, increasing competition and change in customers' demand promote the hotel advanced from product marketing, service marketing forward into experience marketing. In the meantime, she suggests, to carry out experience marketing, the hotel should make fully use of the network advantages as well as consumer preferences, appropriately customizing the hotel products and service for the customer.

## 2. Analysis of The Competitive Advantage in Economy Hotel

Compared with first-class hotel, the func-

tional configuration of hardware products in economy hotel embodies its practicality and compact facilities, which saves initial cost with low fixed cost and additional costs in later period. While in first-class hotel, the complete product line, meticulous and various services need more employees, which cause a high labor cost. In small size, the economy hotel with simple supporting facilities only provides the basic products and services and its employees can even operate more than one process, which can considerably cut down the labor cost. Therefore, the economy hotel with a low break-even point has more advantages in cost.

Under the background of China's sustained economic growth, the improvement of traffic conditions, paid leave and other aspects are all stimulating common people's travel demand. In 2007, for example, the total number of Chinese tourists reached to 1.61bn trips, with travel rate at 122.5%. Among them, the number of tourists from urban is in totally 612mn trips, with travel rate at 166.3%, while 998mn tourists come from rural with its travel rate at 105.4%. It can be seen from these data that the travel rate of Chinese tourists is high, the market of domestic tourists is very large. After joining WTO, with the increasing of international communication, China has become one of the most preferred destinations for international business. Among the overseas tourists, there are many common businessmen and general public. The booming of mass tourism and increasing number of inbound tourists provide the economy hotel with a huge advantage in customer resource. Economy hotel targets their customers on public, common businessmen, small-business owners and ordinary self-paid travelers to search out the correct customer market which brings some certain advantages for their long-term development in future.

### **3. Market Orientation for Economy Hotel Marketing Strategy**

Market orientation of economy hotel refers to build their products with strong, different, and bright individual characteristics according to the competition between similar products in target markets as well as the attention paid by customers on some certain features or attributes among similar products, then vividly deliver the images to customer for achieving their identification. In fact, market orientation means to establish their own competitive advantages to promote the hotel attracting more customers in target markets. The product of economy hotel is a synthetically reflection of multiple factors, which includes architectural style, geographic location, product feature, personal service and etc. Market orientation is exactly to strengthen or magnify some factors so as to formulate a different market image. Product differentiation is an important mean for market orientation, but it seeks to establish a certain product feature based on market segment rather than merely pursuing for the existed product variation.

In the process of product design, economy hotel should firstly keep their products differ from those in starred hotel, and meanwhile provide differentiated products according to target market. The features of small scale and low pricing of economy hotel require it be simple in function and all facilities configured within should reflect their practicality, so economy hotel should mainly highlight its housing function and ensure the hotel rooms being comfortable and clean. Focus the spatial arrangement of economy hotel rooms on sleeping area and washing area while reducing or neglecting others like living area and writing area. Don't make it into a "tiny" luxurious hotel. The room size, for example, whose proportion in whole hotel is adjusted according to hotel's grade and property. In Europe, the

gross area of hotel rooms takes a proportion of 80% for economy hotel, while 77% for middle-class hotel and 72% for high-class hotel. It can be seen from the above data that the different market-positioned economy hotel and starred hotel have subtle effect on room size.

Market orientation is the foundation of marketing strategy. Economy hotel benefits from exchanging products with market, which is the starting point of economy hotels. In other words, products is the foundation of economy hotel, without which, all the business operations are just "on paper" without any sense. In the market, economy hotels in different market orientation have a variety of demands on supporting facilities. For business typed economy hotels, CBD is necessary; for motel, there must have large-scale parking lot and gas station; while economy hotel in tourist area, a large breakfast room is needed for solving bulk of people's dining issue. It requires economy hotels focused on the above characteristics in their broadcasting process, making the potential customers in target market accept them, so as to better integrate the marketing strategies of economy hotel with their products' design and characteristics.

#### **4. Analysis on Key Factors for The Implementation of Economy Hotel Marketing Strategy**

Through the survey, it can be found that network is the main source of information for economy hotel customer, and the acceptable price of economy hotel standard room for all the customers is within 300 Yuan. For the basic facilities in hotel room, they are depended on customers who have different focus. At this stage, the chain brand has no decisive impact on customers' checking into economy hotel, but in the long run, to accomplish the growth of economy hotel there must rely-

ing on chain brand. As a writer, combining the survey results and existing research, I conclude that there are five key factors for the implementation of economy hotel marketing strategy, which are correct market orientation, reservation system construction, marketing team building, chain operation and corporate culture establishment.

After a growth spurt at the number of domestic economy hotels, the market competition will be intensified and the market orientation will become more important. The present market orientation of domestic economy hotel is still at the starting stage, many economy hotels positions unclearly, most of whom judging by customers' consumption level, some just ambiguously take the self-paid travelers and small businessmen as their target market with few further divisions. I think we can refer to foreign experience, taking customers' special features as the basis of market segmentation, and finally fulfill the correct positioning and personal service.

Same with other kind of hotels, the marketing campaign of economy hotel also should be started from understanding and researching target customers, ensuring customers' demand and then carry out market orientation, designing and adjusting hotel products, so as to achieve its strategic target. With mass tourism becoming popular, there is no doubt that economy hotel positions their markets on common businessmen, small-business owners and domestic public travelers.

As economy hotel provides limited service, which requires it to be simple in function and practical in facilities choosing and configuration rather than pursuing luxury. For example, economy hotel can choose the open-type closet, small television without TV stand, adopt shower facilities in bathroom without installing bathtub and etc. accommodation is the most important factor for economy hotel,

so it's very important to choose the right bed, mattress, bedding and pillow. Focus the spatial arrangement of economy hotel rooms on sleeping area and washing area while reducing or neglecting others like living area and writing area. Don't make it into a "tiny" luxurious hotel. Take the 7 days inn hotel for example, though without luxurious hall, presidential suite, restaurant and etc., the small hotel reception can also provide customers with comfortable, clean and safe check-in conditions. Moreover, in the hotel, there is a 2-meter big bed, high-ranked cotton bedding, and 24-hours constant temperatured water bath fittings, double-layer insulated glass, which create a quieter sleeping environment for customers. Simplifying the additional functions does not make customer feel shortchanging in service but better conform to its characteristic of limited-service.

## 5. Conclusion

The existing researches of economy hotels mostly focus on core competitiveness, competitive strategy and regional development, while less results on economy hotel marketing strategy. This article discusses the current development situation of our China's economy hotel, makes analysis on industry environment, management advantage and development disorder, and points out the necessity of making a scientific marketing strategy.

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