

Developing marketing strategy for Ramada Encore Kiev

J Korjuhina¹, O Sorokin^{2*}

¹ISMA University, Riga, Latvia

²Hotel School, Latvia

*Corresponding authors e-mail: a19273003@gmail.com

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Abstract

The article gives the analysis of marketing strategy of Ramada Encore Kiev Hotel, highlights the importance of marketing concept, and marketing strategy, and formulates the ways of improving the situation with the help of marketing activities. The hospitality marketing mix model is used as the theoretical basis. Besides, governmental data in 2011-15 of Ukrainian border service, financial reports, international organisations statistics, SWOT analysis, PESTEL analysis and other methods are used. Nowadays hospitality is fast growing and developing industry. The aim of this work is to find suitable new advertising strategies that can help for hotel's development.

Keywords: marketing strategy, concept, improving, hospitality, theoretical issues, statistics, suggestions

1 Introduction

Marketing strategy has the fundamental goal of increasing sales and achieving a sustainable competitive advantage. Marketing strategy includes all basic, short-term, 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 [1].

Main purpose of business is to get revenue. Nowadays hospitality is fast growing and developing industry. To be competitive all hotels need their advertising strategy, which will help to achieve more sales and get attention of customers. The purpose of a business is to create and maintain satisfied, profitable customers. Customers are attracted and retained when their needs are met. Not only do they return to the same hotel, but they also talk favourably to others about their satisfaction. Customer satisfaction leading to profit is the central goal of hospitality marketing [2]. Therefore, the main goal of any hotel management is to attract as much as possible profitable customers and make them permanent, loyal to this hotel.

The object of this work is Ramada Encore Kiev Hotel, a 3 star chain hotel of Wyndham.

It is the biggest Encore Hotel, with 21 floors, 264 rooms and 48 apartments; it has 14 conference rooms with one of them being the biggest in Ukrainian hotels (the capacity is up to 2000 seats). Encore was built due to the need of EURO 2012 and in perspective of future investments in Ukraine economy and total growth of tourist flow. The hotel has already taken some share of market thanks to many factors, for example, low prices and new building. After some political troubles in Ukraine starting from November 2013 industry has been suffering losses as many hotels were closed, Ukrainian companies did not have money to invest in development, and tourists were afraid of visiting country.

The problem with the Marketing Strategy of Encore is that it is unclear and changes due to the situation. Such flexibility could be regarded as a good factor, however, the

hotel must have the vision that is understandable for each employee. Brand awareness should be improved as well, as Ramada is located away from city centre that is why not many people know about the hotel. Therefore, brand awareness will help attract and accommodate more guests, which will give the hotel a competitive advantage.

Subject or research: marketing strategy at Ramada Encore Kiev.

Hypothesis: if Ramada Encore Kiev improved its strategic marketing concept it would help to attract more customers and increase overall brand awareness.

This research has practical significance, because all the results might be applied and implemented in Ramada Encore Kiev Hotel.

2 Overview of the study area

Marketing is a business philosophy, which is built according to the needs of customer; main purpose of marketing is to provide customer satisfaction, at the same time meeting goals of the firm. The building marketing strategy process usually begins with a scan of the business environment, both internal and external, which includes understanding strategic constraints. It is generally necessary to try to grasp many aspects of the external environment, including technological, economic, cultural, political and legal aspects (PESTLE analysis). Goals are chosen. SWOT analysis is performed. Then, a marketing plan (an explanation of what specific actions will be taken over time to achieve the objectives) is created. Plans can be extended to cover many years, with sub-plans for each year. 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. Strategies often specify how to adjust the marketing mix (4 P's). In addition, firms can conduct analyses of performance, customer analysis, competitor analysis, as well as target market analysis [3].

Let us start with analyzing current statistics and trends of tourism industry worldwide. This will help to see the

global picture, show possible ways of improvement, and emphasize the need of investment in marketing.

In 2015, there were 1184 million international tourism arrivals. According to UNWTO the tourism sector keeps growing, with 4,4% this year with record 1,184m, and 3,5% growing prediction in 2016. Most growing markets are US, UK and especially China with double-digit growth in expenditure since 2004. Europe is showing an increase of 5%. The predictions are to reach two billion tourists worldwide by 2030 [14].

In 2016 experts predict that total revenue for hospitality will be 550 billion dollars, in comparison with 2008 - 447 billion dollars, it is 23% growth. In addition, average duration of life is growing, so there will be more senior customers in future. In total, travel industry has 10% of world GDP with each 11th person working in it [10].

Ukraine statistics is not so positive. According to Global Competitiveness Report 2014-2015 by WEF Ukraine moves up from 84th to 76th position, arguably reflecting expectations associated with its transition to a new government following the Euromaidan protests. According to World Travel & Tourism Council (WTTC) Ukraine is on 178 place in Growth of Travel&Tourism sector (out of 184 countries), and occupies 122 place on relative size of GDP impact. The amount of tourist extremely decreased from 1million in 2010 to 130 thousand in 2015 [15].

Trends worldwide, especially trends in digital marketing will show the ways of improvement in guest relations. The amount of people using internet non-regularly is more than 90% for UK. In addition, the money spend on internet advertising has grown by 13% for 2015. The Graphics Interchange Format (GIF) and content marketing for website make the information clearly understandable and user-friendly.

In 2016, even though most marketing managers of companies understand the use of social medias and OTA (Over-the-air programming), rarely who knows the ways how to implement that in real life. In the world that is getting thinner and thinner with internet, not only feedback gathering and comments answering could be used – next level contacting could be implemented. The Landpage for most hotel websites gives not only basic info, but offers a booking window, where the direct contact, chat and etc. are available. Of course, it is not applicable to small hotels, but other hotels could use it as a huge competitive advantage for themselves.

Mobile trends keep growing with the number of Smartphone users worldwide, which is predicted to surpass 2bn in 2016. Currently, 74% of people using smart phones make a purchase based on a Smartphone search. 95% is looking for local information, 88% use this information make the action during the day – for example, to find cafe, restaurant or hotel. Inclusion of detailed testimonials on the marketed product ia another recognizable trend. Testimonials are the social proof, which builds trust in product. Therefore, it is obvious that mobile and social media marketing rakes over traditional marketing in 2016 [13].

Trends of 2016 in hospitality will show how industry is developing. Rise of Bleisure (Business+Leisure) travel shows that currently 94% of younger travellers (18-35) are likely to take a bleisure trip in the next 5 years, 56% took a bleisure trip in 2015.

Airbnb trend is getting stronger. It began in 2008 when

two designers who had space to share hosted three travellers looking for a place to stay. Now, millions of hosts and travellers choose to create a free Airbnb account so they can list their space and book unique accommodations anywhere in the world. Professionals predict that in the future hotels will cater mostly to the luxury and group market, while business and leisure transient travel will migrate to sharing accommodations like Airnub.

Hotels are getting smart – in 2015 the first solo robot hotel was opened in Japan. Best Western chain has introduced Li-Fi (Light Fidelity), i.e. a bidirectional, high speed and fully networked wireless communication technology similar to Wi-Fi. Other hotels nowadays are introducing tablets control, check-in/check-out machines, robots-butlers etc. [11].

3 Description of enterprise marketing strategy

Ramada Encore Kiev is owned by “Devision” Company, managed by Wyndham hotel chain.

Finances of company by years of operation - 2013 – \$2m, 2014 - \$1,3m, 2015 – \$1,1m, 2016 – \$2,6m. Form start of operation hotel's profit has been decreasing but prediction for 2016 is positive. Macroeconomic situation has been studied using PESTLE analysis, and is presented in the following table (Table 1).

TABLE 1 PESTLE analysis of Ramada Encore Hotel

Political	Economical	Social
Annexation of Crimea, conflict in the East of country, government instability, inefficient bureaucracy, corruption. External vector is European.	Currency is unstable 15-30/EUR. Inflation rate - 13%, GDP per capital - 4000\$.	Population is 45.4 million people, decreasing
Technological	Legal	Environmental
Average European level, 44% of citizens use internet	Policy instability, Ministry of Tourism doesn't exist	Average continental climate, high season – summer

PESTLE analysis is a tool used by marketers to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organisation. PESTLE is a mnemonic, which in its expanded form denotes P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental. It gives a bird's eye view of the whole environment from many different angles that one wants to check and keep a track of while contemplating on a certain idea/plan [4].

The conducted PESTLE analysis gives clear conclusion – currently the macro-economic situation for Ukraine is not suitable for any kind of business development.

The next stage is to analyze the strong and weak sides of Ramada Hotel. This will be done by SWOT analysis (Table 2).

A SWOT analysis is a tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be

overcome or minimized to achieve desired results [5].

TABLE 2 SWOT analysis of Ramada Encore Hotel

Strengths	Weaknesses
New chain hotel, number of rooms, high standards, customer service, feedback analysis.	Location, unstable financing, brand awareness, absence of marketing strategy.
Opportunities	Threats
New markets for Ukraine, inbound tourism, international fairs and competitions.	Macro-economical situation, the continuous instability of the Government, competitors.

TABLE 3 Competitor analysis

Hotel	Stars, Chain	Rooms	Conference rooms	From city centre	RACK Standard	Superior	Web	Awareness	Service	Total
Encore	3, Yes	312	14	20	87,75	125,05	7,25	4	3	15
Holiday Inn	4, Yes	208	4	10	123,80	134,10	8	14	3	14
President	4, No	374	8	7	121,15	194,50	6	46	0	12
Alfavito	4, No	248	7	4	93,55	124,50	8	10	6	22

Hotel	RACK Superior	Website	Brand Awareness	Service performance	In total
Encore	125,05	7,25	4	3	15
Holiday Inn	134,10	8	14	3	14
President	194,50	6	46	0	12
Alfavito	124,50	8	10	6	22

Let us start from strong sides of Encore – the number of rooms and conference rooms – the hotel is very suitable for big conferences. The RACK rates (the cost to a customer that requests accommodation for the same day without prior booking arrangement [5]) are low in comparison with competitors.

Websites are rated almost similarly. Hotel has good official website, they are presented at Tripadvisor and Booking.com as a 4-star hotel. With travel agencies the situation is worse - most intermediates are afraid to send clients in 3-star hotel that is away from city centre. The weak points for Ramada are location and brand awareness. The President hotel is most well-known as it has been working since 1990. In their turn Holiday Inn and Alfavito have higher awareness as they are closer to the city centre. The Encore is far from the city centre and new hotel has to find a way how to improve brand awareness. In general hotel has many competitors in the target market, but no competitors in huge events organization.

Main target group of Encore Hotel is business tourists and business groups. Most of guests are representatives of Ukrainian companies, so the main languages are Ukrainian and Russian, second main language is English. Main segment is middle class. Main business groups are chemical, agriculture companies, airlines. Main intermediates – Obriy, Via Kiev Sputnik.

Let us analyse Hospitality marketing mix for Encore. The traditional marketing mix also referred to as the four Ps of marketing or the marketing program, consists of: price, product, place, and promotion. These four components of the marketing mix represent the decision-making variables that

are available to marketing managers. The inherent differences between goods and services led to the development of an alternative marketing mix for the hospitality industry. Renaghan (1981) felt that the traditional marketing mix had little utility for the service industries (i.e., hospitality) and presented an alternative marketing mix with the following three components: the product-service mix, the presentation mix, and the communication mix [4].

Marketing Mix of Encore looks the following way:

1. Pricing mix. Price is negotiable, the RACK rate is 89 EUR for standard room, and the average daily room rate is 28 EUR. The RACK rate for halls is 250 EUR, however for some it is 50 EUR or less.
2. Product-service mix. It is a 3 star modern hotel with excellent service. Hotel has all facilities for conferences.
3. Presentation mix. The location is away from city centre. The hotel is surrounded by trade centres with shops, bowling, cinema etc. The atmosphere, personnel and feedback are of high level. However, advertising is poor, as well as the brand awareness.

3 Adopting relevant technology

Aim: to improve brand awareness.

Target group: Ukrainian travel agencies, online travel agencies, middle and upper-middle income businessmen, loyal guests of Ramada Encore Hotel (Table 4).

In the next chapter, the examples of this plan implementation will be presented.

TABLE 4 Budget for marketing activities

Period, amount	Type of activity	Cost per month/position (EUR)	Total cost (EUR)	Target/reason
April-September, 8 stands	Banners	100	4,000	Locals, drivers – middle class
Each Half of the Year	OTA party	750	1500	To improve awareness
2, middle of May, September	Press release	100	600	Improve awareness, business segment
Each Year	Guest Party	750	750	Improve Loyalty
	Total amount:		6,850	

4 Suggestions

1) First suggestion is related to awareness of brand. The idea is to advertise hotel on the way to the hotel.

The first banner will be 10 kilometres in front of Encore, in the beginning of a highway that leads to the hotel (Fig.1).



FIGURE 1 First banner

Second banner should be placed in 5 kilometres. On this image, the Avant-garde meal is depicted. 2 kilometres in front of Hotel turn to the main family restaurants is situated, so this picture can be a good stimulus to make fast decision, i.e. drive to DK restaurant (Fig.2).



FIGURE 2 Second banner

Next banner will be 2 kilometres in front of the hotel. If the potential consumer is aware of brand itself and there is the possibility to sleep and dine in some hotel that is a few kilometres away from him/her, the third banner presenting the offer itself will be very actual (Fig.3).



FIGURE 3 Third banner

Next banner is done in easy and catchy manner, 1 kilometre in front of the hotel (Fig.4).



FIGURE 4 Fourth banner

The last banner will be located in a busy city centre. This banner shows weak point of Ramada Encore Hotel as its huge advantage offering to escape from the hustle and bustle of a big city (Fig.5).

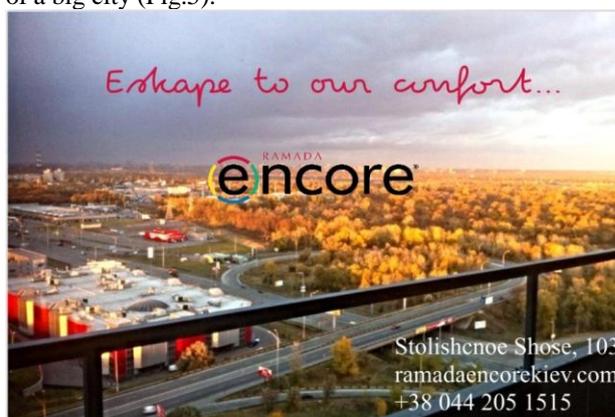


FIGURE 5 Fifth banner

In general, these banners should improve brand awareness both for visitors and locals.

2) Next suggestion is to invite top TA (Travel Agent in the community) and OTA (Online Travel Agency) of Kiev to the hotel in order to present the hotel itself, its services and offers to intermediates.

- The plan for evening can look the following way:
- 17:30 Transfer from city centre, Lybidska metro station
 - 18:00 Welcome drinks
 - 18:00-18:20 Presentation
 - 18:20-19:00 Room and conference room showing
 - 19:00-19:30 Wine tasting
 - 19:30-22:00 Bowling after party
 - 20:00-22:00 Transfer back to city centre

3) Last suggestion is to invite best partners and company that spent most last year in the hotel. The letter can look the following way:

Dear customer,
Thank you for being such a great guest of Encore this year. This August- 25th 18:00-21:00 in Kiev event Hall Encore will celebrate 5 year Anniversary, with you – our friend! The program will include - the year result of Encore, new services of Hotel, loyalty program awarding, with main prize – 7 days in Ramada Antalya Hotel.
This invitation includes:

- *Transfer,*
- *Dinner and cocktails included.*
- *Rooms upon request – 35 standards and Superior only*

for 55 Euro. Promocode – EGBP2016.
Please confirm your presence, by answering this e-mail



+38 044 205 1515
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New proposals can increase guests and customer loyalty, build trust. Invested efforts can increase brand awareness, what will lead to overall revenue growth.

5 Conclusions

The given article investigates advertising strategies, which can attract customers on the example of hospitality related enterprise. The aim of this work has been to find suitable new advertising strategies that can contribute to hotel's development. The aim of the paper has been to analyse the

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hotel's current marketing strategy and suggest its improvement plan based on marketing research.

Having analysed the data about the hotel it has become possible to see its strong sides, weak sides, opportunities and possible threats. Having explored the hospitality industry market worldwide and in Ukraine, main trends, and having studied the corresponding marketing theory, it has become clear how the hotel meets all these challenges, what the problems are and how, using appropriate actions, these hurdles could be overcome.

At the end of the research possible solutions have been suggested and it has become evident that improved marketing concept could drastically change the situation and help attract more customers as well as increase the hotel's overall brand awareness.

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