



MARKETING PLAN FOR HUAJI HOTEL IN HANGZHOU CHINA

Thesis

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Abstract		
<p>The purpose of this study project is to draft a practical and feasible marketing plan for Huaji Hotel in Hangzhou, China, so that the hotel could attract more visitors. According to the marketing research, which covered small and medium-sized hotels, there is market potential for the Huaji Hotel in Hangzhou. However, measures for further development are needed.</p> <p>The empirical part of the study consists of a qualitative survey which was carried out by means of interviews. Altogether 40 interviews were made, including 10 interviews of hotel managers and staff members and 30 interviews of the present and potential customers. Furthermore, the results of the survey and some suggestions for further development are presented in the study.</p> <p>Finally, the study findings show that the Huaji Hotel has a potential market in Hangzhou. Although clear conclusions can be drawn based on the study, there are some limitations which have to be taken into consideration. There are many challenges which have to be met in the future development of Huaji Hotel.</p>		
Keywords marketing plan, marketing communications, small and medium size hotels, Hangzhou, interview, SWOT analysis		
Note		

TABLE OF CONTENTS

1 INTRODUCTION.....	6
1.1 The Aspects of Hotel Service.....	6
1.2 The Background of Small and Medium Size Hotels in China.....	7
1.3 Objective of the Thesis.....	8
2 MARKETING AS A BUSINESS FUNCTION.....	10
2.1 Market Analysis.....	11
2.2 Marketing Plan.....	18
2.3 Marketing Mix.....	22
2.4 Marketing Communications.....	26
2.4.1 Advertising and Internet Marketing.....	27
2.4.2 Sales Promotion, Public Relations and Personal Selling.....	29
2.5 Marketing Management.....	31
3 IMPLEMENTATION OF THE RESEARCH AND ANALYSIS OF THE RESULTS..	37
3.1 Research Method and Implementation.....	37
3.2 Results from the Interviews.....	43
4 MARKETING PLAN FOR HUAJI HOTEL.....	49
4.1 Introduction of Huaji Hotel.....	49
4.2 SWOT Analysis for Huaji Hotel.....	50
4.2.1 Strengths and Weaknesses.....	50
4.2.2 Opportunities and Threats.....	51
4.3 Annual Development Plan for Huaji Hotel.....	52
5 CONCLUSIONS.....	56
REFERENCES	

APPENDICE

Appendix 1: Interview Questions for Hotel Managers and Staff Members

Appendix 2: Interview Questions for Present and Potential Customers

LIST OF FIGURES

Figure 1. A Simple Model of the Marketing Process.....	11
Figure 2. Principal Actors in the Company's Micro environment.....	13
Figure 3. Influential Forces in the company's Macro environment.....	14
Figure 4. Market Analysis, Planning, Implementation and Control.....	19
Figure 5. The Four Ps: Marketing Mix.....	23
Figure 6. The Marketing Communications System.....	25
Figure 7. Modern Customer-oriented Organization Chart.....	31
Figure 8. The Objectives of Customer Relationship Marketing.....	34
Figure 9. Five Different Customer Groups Staying in Huaji Hotel.....	44
Figure 10. Customer Age Groups in Huaji Hotel.....	45
Figure 11. The Four Most Important Reasons for Customers to Choose Huaji Hotel.....	46
Figure 12. Four Kinds of Huaji Hotel Advertising that Customers Prefer.....	48

1 INTRODUCTION

The thesis is aimed at making a marketing plan for Huaji Hotel in Hangzhou to attract more people, and giving some possible directions as well as important suggestions in order to help Huaji Hotel to implement and realize the plan.

The first chapter of the thesis is mainly illustrating the aspects of hotel service, the background of small and medium hotels in China, and objective of the thesis.

1.1 The Aspects of Hotel Service

The word 'hotel' originated from French language, by the TAVERN (small hotel) from development. It was a place for the wealthy, celebrities, business persons and local government gathered. At that time, it was the most advanced social and business center. The trend and development of modern hotels are to be an integrated tourism economic entity and a hotel group company as well. It operates comprehensive management in the fields of hotels, travel agents, chain stores, hotel management companies, amusement park, entertainment, tourism, and hotel supplies production and distribution, and so on.

Hotel is a commercial establishment providing tangible lodging, meals and other intangible guest services. In general, to be called a hotel, an establishment must have a minimum of six letting bedrooms, at least three of which must have attached (ensuite) private bathroom facilities. (businessdictionary.com)

Hotel operations vary in size, function, and cost. Most hotels and major hospitality companies that operate hotels have set widely accepted industry standards to classify hotel types. General categories include the following:

- Upscale Luxury
- Full Service

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- Select Service
 - Limited Service
 - Extended Stay
 - Timeshare
 - Destination Club

The services of a hotel offered to its customers are getting more and more extensive and sophisticated. By adding new temptations to the already dazzling array of services, thousands of hotels all around the world compete with one another. There is a list of services a customer usually staying in an ordinary hotel can expect to enjoy:

- 1) 24 hours room service
- 2) Room with telephone, color TV set
- 3) Private bathroom
- 4) Air-conditioner.

Hotel management refers to professional management techniques used in the hospitality sector. These can include hotel administration, accounts, marketing, housekeeping, front office or front of house, food and beverage management, catering and maintenance. The management of a hotel operation is considered a major business operation.

1.2 The Background of Small and Medium Size Hotels in China

Small and medium hotels refer to services, facilities and services have a certain level of affordable one, two, three-star hotels and a number of hostels, youth hostels and budget hotels. The small and medium sized hotel will occupy more than half of China's hotel market, according to Jiangshan, the Development of China's Tourism market. But small and medium size hotels are in China, especially low-star hotels in the lack of market operation and management of the concept of brand competition, at a lower level of the operating state, to survive the fierce market competition and to sustain development must be careful and comprehensive analysis of current market

environment, the brand management, the implementation of brand strategy. (hi138.com)

China will become the world's safest and largest investment economy in times to come given the following factors: huge market potential, rich labor resources, comparative advantage in labor cost, sound corporate governance and stable government and society. All these factors will further attract the inflow of foreign capital into China. In short, the economy of China will grow even faster in the future. In the next ten years, China's economy will still increase at a rate 7 % - 8 %. In 2020 years, GDP will amount to 38 trillion, per capita GDP will reach 26,000 RMB. (china-window.com)

With the rapid development of economy, the income level of people has been increasing. Tourism has become a kind of living conditions of ordinary people, and it plays an important role in people's daily life as well. Therefore, the number of tourists is increasing year by year, while the majority of tourists are going to meet the accommodation needs of the small and medium sized hotels that will be the hotel market in the mainstream, which makes the low-star hotels potential developing in China.

On the other hand, China's WTO plus, hotels are facing more intense market competition, whereas small and medium size hotels need to solve how to win the competition, how to deal with high-tech, multi-disciplinary knowledge, challenges, solutions and improve the enterprises facing problems, to a large extent related to the survival of enterprises, strategic decision-making problems more directly determines the overall direction of an enterprise development issues. (hi138.com)

1.3 Objective of the Thesis

Huaji Hotel is located in Xintang Road, Jianggan District, Hangzhou City, the capital of Zhejiang Province, China. The hotel, which was established in the spring of 2003, is with superior geographic location and convenient transportation. There are three floors with 32 rooms. Huaji Hotel is equipped with standard single, double, triple

rooms, private bathroom, air-conditioner and 24 hour hot water. Huaji Hotel is as “customer first, service first” for business purposes. At present, it has been operating for 8 years so far. In the past eight years, Huaji Hotel has achieved great progress and development.

The purpose of the thesis is to research whether there are some opportunities for Huaji Hotel to market its business in Hangzhou market. Analyzing both external and internal marketing environments, make an annual feasible marketing plan for Huaji Hotel based on its practical circumstances. On one hand, find out what the customer wants and match the service of Huaji Hotel to meet those requirements. On the other hand, in the process of carrying out the marketing plan, make a profit for Huaji Hotel.

In addition to improving the services in order to better satisfy the consumers and attract more customers, the more important thing is to align marketing activities with Huaji Hotel. To figure out from the point of customers, which aspects of services should be enhanced to improve the satisfaction of consumers as much as possible. Besides existing customers, the most essential target is how to operate Huaji Hotel well and make it to appeal to potential customers. After that, it is necessary to establish a good customer relationship and maintain a long customer relationship.

2 MARKETING AS A BUSINESS FUNCTION

In this chapter, there are relevant theories related to the case study presented. The theoretical part mainly includes market analysis, marketing plan, marketing mix, marketing communications and marketing management.

Marketing is the homework that managers undertake to assess needs, measure their extent and intensity and determine whether a profitable opportunity exists. Marketing continues throughout the product's life, trying to find new customers and keep current customers by improving product appeal and performance, learning from product sales results and managing repeat performance. (Kotler et al 2008, 6-7)

According to management guru Peter Drucker, 'The aim of marketing is to make selling unnecessary.' The aim is to 'know and understand the customer so well that the product or service fits...and sells itself'. This does not mean that selling and advertising are unimportant. Rather, it means that they are part of a larger marketing mix – a set of marketing tools that work together to satisfy customer needs and build customer relationships. (Kotler et al 2008, 7)

Broadly defined, marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. In a narrower business context, marketing involves building profitable, value-laden exchange relationships with customers. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. (Kotler et al 2008, 7)

Marketing is a significant dimension of any business in today's highly competitive environment and financial success is often dependent on marketing ability. Finance,

operations, accounting, administration and other business functions will not really matter if companies do not understand consumer needs and identify sufficient demand for their products and services for them to make a profit.

Marketing is a complex set of tasks as well as a philosophy of business and it has been the Achilles heel of many formerly prosperous companies. Consequently, some companies had to confront new competitors. (Kotler et al 2009, 4)

2.1 Market Analysis

Figure 1 presents a five-step model of the marketing process. In the first four steps, companies work to understand consumers, create customer value and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for consumers, they in turn capture value from consumers in the form of sales, profits and long-term customer equity. (Kotler et al 2008, 7)



Figure 1. A Simple Model of the Marketing Process (Kotler et al 2008,7).

Marketing Environment

A company's marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful relationships with its target customers. The marketing environment offers both opportunities and threats. (Kotler et al 2008, 179)

The marketing environment consists of a micro environment and a macro environment. The micro environment consists of the actors close to the company that affect its ability to serve its customers – the company, suppliers, marketing intermediaries, customer markets, competitors and publics. The macro environment consists of the larger societal forces that affect the microenvironment – demographic, economic, natural, technological, political and cultural forces. (Kotler et al 2008, 179)

The company's micro environment

Marketing management's job is to build relationship with customers by creating customer value and satisfaction. However, marketing managers cannot do this alone. Figure 2 shows the major actors in the marketer's microenvironment. Marketing success will require building relationships with other company departments, suppliers, marketing intermediaries, customers, competitors and various publics, which combine to make up the company's value delivery network. (Kotler et al 2008, 179-180)



Figure 2. Principal Actors in the Company's Micro environment (Kotler et al 2008, 180).

The company's macro environment

The company and all the other actors operate in a larger macro environment of forces that shape opportunities and pose threats to the company. Figure 3 shows the six major forces in the company's macro environment. (Kotler et al 2008, 184)



Figure 3. Influential Forces in the company's Macro environment (Kotler et al 2008, 184).

Market

Market means individuals, companies and non-profit organizations which buy or intend to buy particular products. Probable buyers of the product are also called potential customers. (Lahtinen et al 1994, 59) Markets are grouped into the three following categories:

A. Consumer Market – Consumer Demand

- Individual consumers as customers
- Consumer goods and services are the objects of demand

B. Industrial Market – Demand for Industrial Goods and Services and Commercial Demand

- Domestic and foreign companies as customers
- Industrial goods and services are the objects of demand
- Retailers as customers (commercial demand)
- Industrial companies as customers (demand for industrial goods and

services)

C. Institutional Market – Public-Sector Demand

- Municipalities, federations of municipalities, government institutions and organizations
- Both consumer and industrial goods and services are the objects of demand. (Lahtinen et al 1994, 60)

Market analysis is an essential input to the development of market-based management strategies that deliver superior levels of customer satisfaction and profitability. The continuous pursuit of customer needs, ongoing monitoring of competitors' moves and capabilities, and tracking of market-based performance are the core competencies of market-focused business. (Best 2004, 55)

The goal of a market analysis is to determine the attractiveness of a market and to understand its evolving opportunities and threats as they relate to the strengths and weakness of the firm.

David A. Aaker outlined the following dimensions of a market analysis:

- Market size (current and future)
- Market growth rate
- Market profitability
- Industry cost structure
- Distribution channels
- Market trends
- Key success factors. (netmba.com)

Market Demand

Market demand is defined as the total amount of purchases of a product within a specific period in a specific geographical area. Because of different factors such as

age or gender, involving the amount of sales is generated in particular location. Properly assessing market demand for a given product is very important, especially deciding what to sell and how to go about selling the products.

Companies use market demand analysis to understand how much consumer demand exists for a product or service. This analysis helps management determine if they can successfully enter a market and generate enough profits to advance their business operations. While several methods of demand analysis may be used, they usually contain a review of the basic components of an economic market.

1. Market Identification

The first step of market analysis is to define and identify the specific market to target with new products or services. Companies will use market surveys or consumer feedback to determine their satisfaction with current products and services.

2. Business Cycle

Once a potential market is identified, companies will assess what stage of the business cycle the market is in. Three stages exist in the business cycle: emerging, plateau and declining.

3. Product Niche

Once markets and business cycles are reviewed, companies will develop a product that meets a specific niche in the market. Products must be differentiated from others in the market so they meet a specific need of consumer demand, creating higher demand for their product or service.

4. Growth Potential

While every market has an initial level of consumer demand, specialized products or goods can create a sense of usefulness, which will increase demand.

5. Competition

An important factor of market analysis is determining the number of competitors and their current market share. Markets in the emerging stage of the business cycle tend to have fewer competitors, meaning a higher profit margin may be earned by companies. (ehow.com)

Market Competition

Along with demand, competition in the market is another important part of the external marketing environment. In making marketing decisions, the company must pay attention to the competitive situation and to the operations of the competition. In order to market more successfully than the competitors, a company must identify its main competitors and be familiar with their operations. (Lahtinen et al 1994, 70)

Competition means that the customer has alternative possibilities to satisfy needs. Competing products are all those products that satisfy the same need – not merely the same kind of products. When a company considers competition as part of the external marketing environment, the company must find answers to the following questions:

- Which companies and products are competitors?
- How do competitors market?
- What are the competitor strengths and weaknesses?
- Are competitors entering or leaving the market?
- How do competitors react to given situations?

Competition has many dimensions:

- A. Form of competition (the number of competitors and the differences among their products)
- B. Competition tools (the activities used to compete)
- C. Role of competition (the way that each company operates in a given competitive situation). (Lahtinen et al 1994, 71)

2.2 Marketing Plan

A marketing plan outlines the specific actions you intend to carry out to interest potential customers and clients in your product and/or service and persuade them to buy the product and/or services you offer. The marketing plan implements your marketing strategy. In other words, the key to marketing is to use a plan. The marketing strategy provides the goals for your marketing plans, which tells you where you want to go from here. The marketing plan is the specific roadmap that's going to get you there.

A marketing plan may be developed as a standalone document or as part of a business plan. Either way, the marketing plan is a blueprint for communicating the value of your products and/or services with your customers.

The Planning Process

Putting plans into action involves four stages: analysis, planning, implementation and control. Figure 4 shows the relationship between these functions, which are common to strategic planning, marketing planning or the planning for any other function. (Kotler et al 2008, 129)

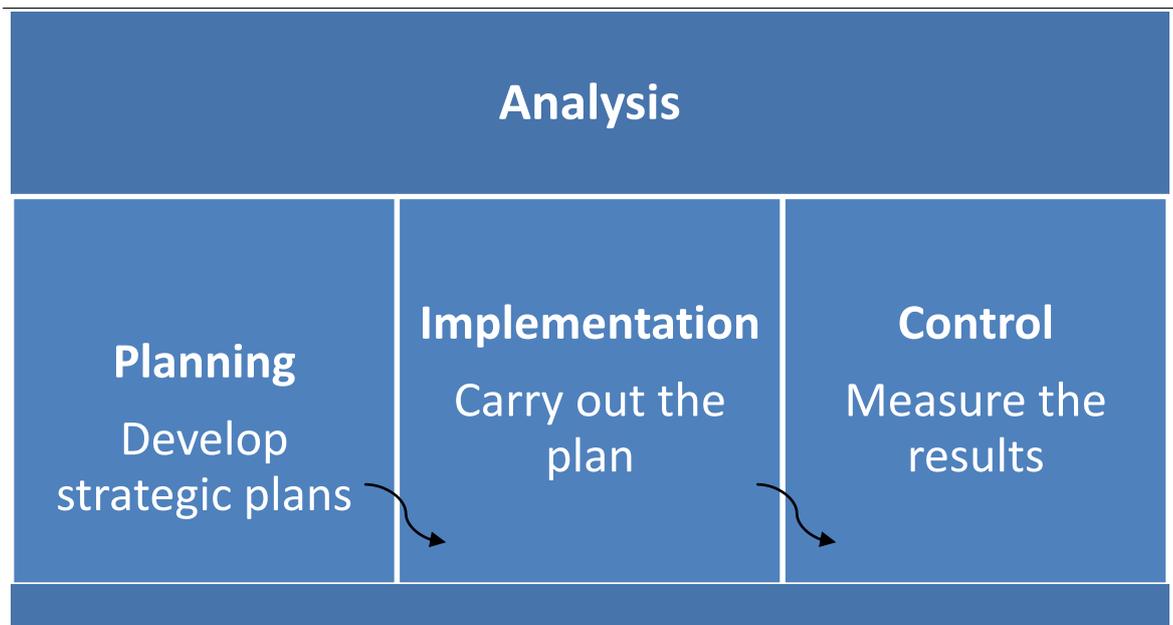


Figure 4. Market Analysis, Planning, Implementation and Control (Kotler et al 2008, 130).

- Analysis

Planning begins with a complete analysis of the company's situation. The company must analyze its environment to find attractive opportunities and to avoid environmental threats. It must analyze company strengths and weaknesses, as well as current and possible marketing actions, to determine which opportunities it can best pursue. Analysis feeds information and other inputs to each of the other stages.

- Planning

Through strategic planning, the company decides what it wants to do with each business unit. Marketing planning involves deciding marketing strategies that will help the company attain its overall strategic objectives. Marketing, product or brand plans are at the centre of this.

- Implementation

Implementation turns strategic plans into actions that will achieve the company's objectives. People in the organization who work with others, both inside and outside the company, implement marketing plans.

- Control

Control consists of measuring and evaluating the results of plans and activities, and taking corrective action to make sure objectives are being achieved. Analysis provides information and evaluations needed for all the other activities.

Contents of a Marketing Plan

A product or brand plan should have an executive summary, the current marketing situation, SWOT analysis, objectives and issues, marketing strategies, marketing implementation, budgets, and controls. (Kotler et al 2008, 152)

The marketing plan should open with a short summary of the main goals and recommendations in the plan. The executive summary helps top management to find the plan's central points quickly. A table of contents should follow the executive summary.

In the current marketing situation section, the planner provides information about the market, product performance, competition and distribution. It includes a market description that defines the market, including chief market segments. The planner shows market size, in total and by segment, for several past years, and then reviews customer needs together with factors in the marketing environment that may affect customer purchasing.

The SWOT analysis is a brief list of the critical success factors in the market, and rates strengths and weaknesses against the competition. The SWOT analysis should include costs and other non-marketing variables. The outstanding opportunities and threats should be given. (Kotler et al 2008, 153)

Having studied the strengths, weaknesses, opportunities and threats, the company sets objectives and considers issues that will affect them. The objectives are goals that the company would like to attain during the plan's term.

In this section of the marketing plan, the manager outlines the broad marketing strategy or 'game plan' for attaining the objectives. Marketing strategy is the marketing logic by which the company hopes to create this customer value and achieve these profitable relationships. The company decides which customers it will serve (segmentation and targeting) and how (differentiation and positioning). It identifies the total market, then divides it into smaller segments, selects the most promising segments, and focuses on serving and satisfying customers in these segments. (Kotler et al 2008, 156) After deciding on its overall marketing strategy, the company is ready to begin planning the details of the marketing mix, one of the major concepts in modern marketing.

Marketing implementation is the process that turns marketing plans into marketing actions in order to accomplish strategic marketing objectives. Whereas marketing planning addresses what and why marketing activities, implementation addresses to whom, where, when and how. 'Doing things right' (implementation) is as important as 'doing the right things' (strategy). They both are critical to success, and companies can gain competitive advantages through effective implementation.

Marketing managers must ensure that their marketing expenditure is well spent. In the past, many marketers spent freely on big, expensive marketing programmes, often without thinking carefully about the financial returns on their spending. They believed that marketing produces intangible outcomes, which do not lend themselves readily to measures of productivity or return. Marketers have been pretty unaccountable for many years, now they are under big pressure to estimate their impact. (Kotler et al 2008, 159-160)

Marketing control involves evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained. Marketing control involves four steps. Management first sets specific marketing goals. It then measures its performance in the marketplace and evaluates the causes of any differences between expected and actual performance. Finally, management takes

corrective action to close the gaps between its goals and its performance. (Kotler et al 2008, 161)

2.3 Marketing Mix

The marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variable known as the 'four Ps': product, price, place and promotion. Figure 5 shows the marketing tools under each P. (Kotler et al 2008, 49) Marketing-mix elements play a crucial role in marketing. They are the most visible elements in marketing.

- Product means the goods–and–services combination the company offers to the target market.
- Price is the amount of money customers have to pay to obtain the product.
- Promotion means activities that communicate the merits of the product and persuade target customers to buy it.
- Place includes company activities the make the product available to target consumers. (Kotler et al 2008, 157-158)



Figure 5. The Four Ps: Marketing Mix (Kotler et al 2008, 49).

Basic Marketing Tools

Product is defined as anything that is offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Products include more than just tangible goods. Broadly defined, products include physical objects, services, persons, places, organizations, ideas or mixes of these entities.

Product planners need to think about the product on three levels. Each level adds more customer value. The most basic level is the core product, which stands at the centre of the total product. It consists of the core, problem-solving benefits that consumers seek. At the second level, product planners must turn the core benefit into an actual product. They need to develop as many as five characteristics: a quality level, product and service features, styling, a brand name and packaging. Finally, the product planner must build an augmented product around the core and actual product by offering additional customer services and benefits. (Kotler et al 2008, 501-502)

A service company, for example a hotel provides not only a certain product, but also relevant service. A hotel offers tangible products such as bed and quilt for the accommodation; bath towel, soap, slippers, and bathroom for the shower; toothbrush and toothpaste, and comb for the cleanliness. Moreover, a hotel supplies intangible services for instance room reservation, left-luggage, tourism advisory, housekeeping and tidying up, and so on. No matter which kind, a hotel would like to make the customer comfortable and have the feeling at home.

There are also some basic facilities like wardrobe providing to customers in a hotel. The customer can put the clothes inside, or store valuables. The wardrobe is convenient for customers to take advantage of it. Nowadays, Internet has been getting more and more popular, especially to the youth and businessmen; whether they could surf the Internet or not in a hotel that has become an important part of their decision. Internet is playing an essential role in people's daily life, and it has influenced people's choice in modern times.

Price is the amount of money charged for a product or service, or the sum of all the values that consumers exchange for the benefits of having or using a product or service. Price is the only element in the marketing mix that produces revenue; all other elements represent costs. Price is also one of the most flexible marketing mix elements. The price the company charges will fall somewhere between one that is too high to produce any demand and one that is too low to produce a profit. (Kotler et al 2008, 639)

Building good customer relationships calls for more than just developing a good product, pricing it attractively and making it available to target customers. Companies must also communicate their value propositions to customers, and what they communicate should not be left to chance. Just as good communication is important in building and maintaining any kind of relationship, it is a critical element in a company's efforts to build profitable customer relationships.

A company has to communicate with not only consumers, but also its intermediaries and various publics. Its intermediaries communicate with their consumers and publics. Consumers have word-of-mouth communication with each other and with other publics. Meanwhile, each group provides feedback to every other group. The company therefore has to manage a complex marketing communication system (see Figure 6). (Kotler et al 2008, 691)



Figure 6. The Marketing Communications System (Kotler et al 2008, 691).

Few producers sell their goods directly to the final users. Instead, most use third parties or intermediaries to bring their products to market. They try to forge a marketing channel (or distribution channel) – a set of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user. The channel of distribution is therefore all those organizations through which a product must pass between its point of production and consumption.

A company's channel decisions directly affect every other marketing decision. Pricing depends on whether the company works with national discount chains, uses high-quality speciality stores, or sells directly to consumers via the Web. The firm's sales force and communications decisions depend on how much persuasion, training, motivation and support its channel partners need.

Distribution channel decisions often involve long-term commitments to other firms. Therefore, management must design its channels carefully, with an eye on tomorrow's likely selling environment as well as today's. (Kotler et al 2008, 881)

2.4 Marketing Communications

A company's total promotion mix – also called its marketing communications mix – consists of the specific blend of advertising, sales promotion, public relations, personal selling and direct marketing tools that the company uses to persuasively communicate customer value and build customer relationships. Let us define the five major promotion tools: (Kotler et al 2008, 691)

- Advertising: Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.
- Sales promotion: Short-term incentives to encourage the purchase or sale of a product or service.
- Public relations: Building good relations with the company's various publics by obtaining favorable publicity, building up a good 'corporate image', and handling or heading off unfavorable rumours, stories and events.
- Personal selling: Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
- Direct marketing: Direct connections with carefully targeted individual consumers both to obtain an immediate response and to cultivate lasting customers. (Kotler et al 2008, 692)

The first job of a marketing communication is to build awareness: to inform customers of a business's products. Second, marketing communications need to continually reinforce messages in order to maintain awareness. Third, it is often the job of a marketing communication to motivate a target customer to take action. Thus, there are three fundamental marketing communications objectives, any one of which can be the focus of a particular marketing communication. (Best 2004, 246-247)

-
- **Build Awareness:** Build a level of awareness with respect to important information about the organization and its products and / or services.
 - **Reinforce the Message:** Sustain a desired level of retention with respect to image, key benefits, and name recognition over time.
 - **Stimulate Action:** Motivate target customers to take a specific action in a relatively short time.

2.4.1 Advertising and Internet Marketing

Advertising

The many forms of advertising make it hard to generalize about its unique qualities. However, several qualities can be noted: (Kotler et al 2008, 713)

- Advertising can reach masses of geographically dispersed buyers at a lower cost per exposure. For example, TV advertising can reach huge audiences.
- Beyond its reach, large-scale advertising by a seller says something positive about the seller's size, popularity and success.
- Because of advertising's public nature, consumers tend to view advertised products as standard and legitimate – buyers know that purchasing the product will be understood and accept publicly.
- Advertising enables the seller to repeat a message many times, and lets the buyer receive and compare the message of various competitors.
- Advertising is also very expensive, allowing the company to dramatise its products through the artful use of visuals, print, sound and colour.
- On the one hand, advertising can be used to build up a long-term image for a product (such as Mercedes-Benz car ads). On the other hand, advertising can trigger quick sales (as when department stores like Debenhams and Selfridges advertise a weekend sale).

Internet

The Internet has the potential to influence all aspects of buying and selling. In addition to providing marketers with a new environment for marketing activity, it facilitates exchange activities in additional marketplaces. The Internet has become an increasingly popular and versatile tool for marketing. Frequently touted as a revolutionary force for business, it is rapidly becoming a fundamental and often necessary vehicle for communications and transactions between marketers and consumers, and between businesses. (Coupey 2001, 3)

Companies that use the Internet to market their products come in all types and sizes, ranging from multinational corporations to home-based entrepreneurial businesses. Marketing applications of the Internet are equally varied. For example, a company might use the Internet merely as a tool for effecting standard business practices, such as using e-mail to handle catalog requests. Another company might make its entire product line available through an Internet site, as well as through traditional means. Yet other companies might market their products solely through a virtual storefront on the Internet. The types of online activities are influenced by the goals of the company, and by its experience with Internet technologies. (Coupey 2001, 4)

Technological advances increase the speed with which products can be developed and brought to market. These advances may also make it possible for consumers to become aware of new products, moving from trial to adoption more rapidly than before. These effects can mean that for many organizations the windows of opportunity, in which new products are envisioned, produced, and distributed, may become shorter. As a result, the importance of developing long-range and short-range plans for the way in which the organization will respond to the changing environment can be crucial for the success of the company.

The Internet can influence aspects of planning across all levels and functions of a business. The Internet can lead to an assessment and redirection of strategy, even

for large, well-established companies that have no intention of marketing products online or of otherwise targeting electronic markets. Internet facilities, such as the availability of media buying information from online sources, and competitive research from online databases, can be used to develop marketing plans for traditional, offline situations. The Internet not only influences strategy development, but also its implementation. (Coupey 2001, 165)

2.4.2 Sales Promotion, Public Relations and Personal Selling

Sales Promotion

Sales promotion includes a wide assortment of tools – coupons, contests, price reductions, premium offers, free gifts and others – all of which have many unique qualities: (Kotler et al 2008, 714)

- They attract consumer attention and provide information that may lead to a purchase.
- They offer strong incentives to purchase by providing inducements or contributions that give additional value to consumers.
- Sales promotion can be used to dramatize product offers and to boost sagging sales.
- Moreover, sales promotions invite and reward quick response. Whereas advertising says 'buy our product', sales promotion offers incentives to consumers to 'buy it now'.

Public Relations

Public relations (PR) offers several unique qualities. It is all those activities that the organization does to communicate with target audiences which are not directly paid for. (Kotler et al 2008, 714)

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- Public relations, PR is very believable: news stories, features, sponsorships and events seem more real and believable to readers than ads do.
 - Public relations can reach many prospects who avoid salespeople and advertisements – the message gets to the buyers as ‘news’ rather than as a sales-directed communication.
 - Like advertising, PR can dramatize a company or product.

Marketers tend to under-use public relations or to use it as an afterthought. Yet a well-thought-out public relations campaign used with other promotion-mix elements can be very cost-effective.

Personal Selling

Personal selling is the most effective tool at certain stages of the buying process, particularly in building up buyers’ preferences, convictions and actions. Compared to advertising, personal selling has several unique qualities:

- It involves personal interaction between two or more people, so each person can observe the other’s needs and characteristics and make quick adjustments.
- Personal selling allows all kinds of relationships to spring up, ranging from matter-of-fact selling relationships to personal friendships.
- Finally, with personal selling the buyer usually feels a greater need to listen and respond, even if the response is a polite ‘no thank you’. (Kotler et al 2008, 714)

These unique qualities come at a cost, however. Personal selling is also the company’s most expensive promotion tool, costing companies several hundred euros on average per sales call.

2.5 Marketing Management

Marketing management is the process of analyzing, planning, implementing, coordinating, and controlling programs involving the conception, pricing, promotion, and distribution of products, services, and ideas designed to create and maintain beneficial exchanges with target markets for the purpose of achieving organizational objectives.

The only value your company will ever create is the value that comes from customers – the ones you have now and the ones you will have in the future. Businesses succeed by getting, keeping, and growing customers. Customers are the only reason you build factories, hire employees, schedule meetings, lay fibre-optic lines, or engage in any business activity. Without customers, you don't have a business. (Kotler et al 2009, 380)

The cornerstone of a well-conceived marketing orientation is strong customer relationships. Marketers must connect with customers – informing, engaging, and maybe even energizing them in the process. Customer-centred companies are adept at building customer relations. (Kotler et al 2009, 379)

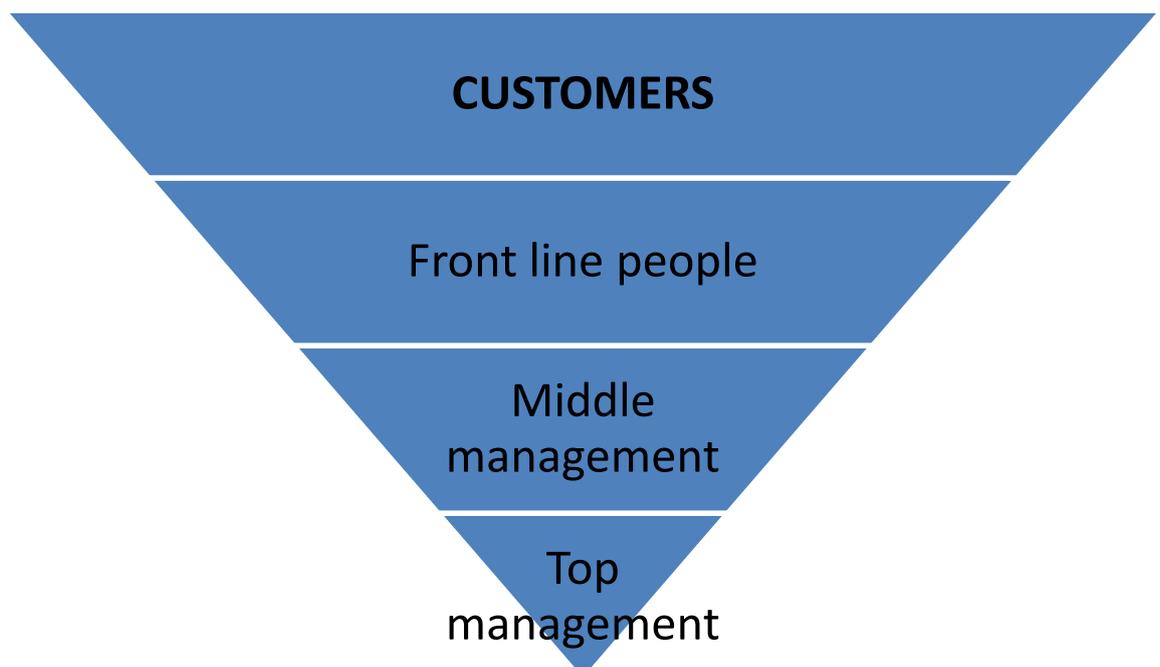


Figure 7. Modern Customer-oriented Organization Chart (Kotler et al 2009, 380).

Customer Relationship Marketing

Customer relationship marketing is the creation and development of interactive, long-term and economically profitable customer relationships, the commitment to which is mutually beneficial. The objectives of customer relationship marketing can be considered as a three-part chain. (See Figure 8). The basic objective is an integrated customer-oriented operation where each individual customer receives excellent service. Such service makes customers become regular customers who commit themselves to the relationship. Thanks to customer loyalty, the company's operations will be profitable in the long run. In short, the objectives of customer relationship marketing are comprehensiveness, customer loyalty and profitability. (Lahtinen et al 1994, 22)



Figure 8. The Objectives of Customer Relationship Marketing (Lahtinen et al 1994, 22).

Customer Relationship Management

Customer relationship management is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize customer loyalty. A customer touch point is any occasion on which a customer encounters the brand and product – from actual experience to personal or mass communications to causal observation. For a hotel, the touch points include reservations, check-in and checkout, room service, business services, exercise facilities, laundry service, restaurants and bars. For instance, customer-oriented

hotels rely on personal touches, such as staff who always address guests by name and high-powered employees who understand the needs of sophisticated business travelers. (Kotler et al 2009, 397)

Customer relationship management enables companies to provide excellent real-time customer service through the effective use of individual account information. Based on what they know about each valued customer, companies can customize market offerings, services, messages and media. Customer relationship management is important because a major driver of company profitability is the aggregate value of the company's customer base. (Kotler et al 2009, 398)

Winning companies improve the value of their customer base by excellent strategies such as the following:

- Reducing the rate of customer defection: Selecting and training employees to be knowledgeable and friendly increases the likelihood that the inevitable shopping questions from customers will be answered satisfactorily.
- Increasing the longevity of the customer relationship: The more involved a customer is with the company, the more likely the customer will remain loyal.
- Enhancing the growth potential of each customer by: increasing sales to existing customers with new offerings and opportunities.
- Making low-profit customers more profitable or ceasing to deal with them: To avoid the direct need for termination, marketers can encourage unprofitable customers to buy more or in larger quantities, forgo certain features or services, or pay higher amounts of fees.
- Paying additional attention to high-value customers: The most valuable customers can be treated in a special way. Thoughtful gestures such as

birthday greetings, small gifts or invitations to special sports or arts events can send a strong positive signal to the customer. (Kotler et al 2009, 398-399)

Establishing the Customer Relationship

Customers at different stages of the customer relationship behave very differently. When customer relationships are initially being established, the customer seeks information to assist in making a purchase decision. From the seller's point of view, this is a question of recruiting customers.

The most important task for a company in the beginning of its operation is to attract customers. At this point, the "fishing nets are thrown into the water" so to speak. Marketing is targeted at a specific segment, which is selected from potential customers. It remains to be seen if there will be any "bite". A company must recruit new customers because in spite of effective marketing and good service, customers are lost for a variety of reasons. Marketing should be used to recover lost customers, although it is difficult and expensive.

When establishing customer relationships, marketing is predominantly external marketing, which is either mass marketing or interactive marketing. Its purpose is to induce the customer into calling, writing or visiting the company to or by making some kind of contact with the company. The customer must be given the right circumstances to formulate a preconceived positive idea about the company. (Lahtinen et al 1994, 46)

Developing the Customer Relationship

At the stage of establishing a customer relationship, the marketing is partly mass marketing and partly interactive marketing. It is not possible to clearly separate the stages. Some interactive marketing operations aim, in particular, to develop

customer relationships, whereas the purpose of other operations is to maintain the relationship, which, however, is a relatively passive way of managing relationships. The company tries to convince the customer of the benefits of a regular customer relationship.

Much interactive marketing is needed when developing a customer relationship. After-sales service is also necessary. It is concerned with not letting the 'hot customers' turn into 'cold customers'. This can easily happen if no responsibility is taken for the customer after the first few sales. The competitors are also interested in those customers who are known to have done business with the same company.

Success in after-sales service is one sort of diploma for the marketer. Marketers commonly say that "It's no problem making the first sale but the second sale is difficult and the fifth one even harder". On the other hand, as the contacts between the customer and the company become more frequent, the customer becomes more loyal. (Lahtinen et al 1994, 50)

The activities related to after-sales service are called after-sales marketing. The theory is that it is easier and cheaper to maintain an existing customer relationship than it is to attract new customers. It is a sign of weakness if a company cannot encourage customers to return after their first visit. (Lahtinen et al 1994, 51)

The aims of after-sales marketing are

- to make incremental sales
- to verify the customer relationship
- to ensure and develop regular customer interaction

The most important after-sales marketing operations are

- after-sales contacts
- direct advertising and direct selling

-
- accessibility of services such as maintenance, spare parts, installation, training and advice
 - timely, speedy and accurate deliveries. (Lahtinen et al 1994, 52)

3 IMPLEMENTATION OF THE RESEARCH AND ANALYSIS OF THE RESULTS

In order to make a marketing plan for Huaji Hotel in Hangzhou market, firstly, it is necessary to have a comprehensive analysis. This part will introduce the research method, mainly interviews, and the way to implement.

3.1 Research Method and Implementation

The main research method for this thesis is qualitative research, and the analyses are made from managers and staff of different hotels and present and potential customers' point of view as well. The main approach of the thesis is to interview managers and staff of different hotels, and present and potential customers of Huaji Hotel.

Both of the interview questionnaires contain 15 questions altogether, there are 15 questions for managers and staff of different hotels, and 15 questions are for present and potential customers. All the questions designed for interviews are valid and credible, for they are answered carefully and explained detailed through face-to-face communication with both managers and staff of different hotels and present and potential customers of Huaji Hotel.

In the research process, 4 managers and 6 staff members from different hotels were interviewed. In addition to the 10 professionals, there were 14 present customers and 16 potential customers interviewed. There were 40 interviews made altogether.

In table 1 there is the list of hotel managers and staff members who were interviewed. 3 hotel managers and 4 staff members are from similar size small and medium hotels as Huaji Hotel, and 1 manager and 2 staff members are from a local famous 4 Star hotel in Hangzhou. Before interviewing hotel managers and staff

members, an appointment was made with them by telephone on what time is suitable for them and what the interview will deal with. After they checked the schedule, interviews were progressing fluently.

Table 1. Interviews of Hotel Managers and Staff Members

Title	Name	Date	Reason
Manager	Lv Tongjin	06.08.2011	The boss of Zhenglou Hotel
Manager	Huang Weibing	08.08.2011	The boss of Shunxin Hotel
Manager	Guo Guangfeng	13.08.2011	The boss of Huachen Hotel
Manager	Zheng Jiaming	16.08.2011	The boss of Guangfa Hotel
Staff	Hu Honglin	16.08.2011	Customer service of Guangfa Hotel
Staff	Jiang Lu	08.08.2011	Marketing research of Shunxin Hotel
Staff	Sun Xiqiao	08.08.2011	Customer service of Shunxin Hotel
Staff	Xiang Yuxuan	13.08.2011	Marketing research of Huachen Hotel
Staff	Li Zheng	13.08.2011	Customer service of Huachen Hotel
Staff	Zhang Danping	06.08.2011	Customer service of Zhenglou Hotel

Interview questions for hotel managers and staff:

1. Could you, please describe your job and your position?

-
2. How long have you been working in hotel business?
 3. Are you familiar with Huaji Hotel?
 4. What do you regard as the most useful way to increase hotel revenues?
 5. What kind of services hotels can improve to better satisfy customers?
 6. Which in your opinion are the most common reasons for customers to choose Huaji Hotel?
 7. What would be good actions to market Huaji Hotel?
 8. What do you think about the price level of Huaji Hotel?
 9. What is your opinion about discounts in different situations and different customers?
 10. What do you think about the location of Huaji Hotel?
 11. What kind of marketing communications, advertising and sales promotion would be feasible for Huaji Hotel?
 12. What do you think about the customer service of Huaji Hotel?
 13. What would be a good way for a hotel to do after-sales marketing?
 14. How does Huaji Hotel enhance its reputation?
 15. Would you like to give some advice to Huaji Hotel?

Above 15 questions were addressed to hotel managers and staff members, that is because all of them have been working on hotel business for more than two years, and they are familiar with hotel operation, certainly they have the power of persuasion in the field. They talked about their working experiences, and some lessons that they had learned from as well.

The 15 interview questions for 4 hotel managers and 6 staff members are good. Although some working experiences they wouldn't like to share, the best was done to get useful information from the conversation. Indubitably, what they talked about is helpful in the process of thesis project.

In table 2 there is the list of present and potential customers of Huaji Hotel who were interviewed. When the interview was carried out, present and potential customers were selected randomly. But the dates of interview were considered for some time, for they are Saturday, Tuesday, and Friday respectively. The idea was to know different customer groups within different time periods.

Table 2. Interviews of Present and Potential Customers of Huaji Hotel

Title	Name	Date	Reason
Traveler	Xia Xin	20.08.2011	Potential customer
Traveler	Li Bing	20.08.2011	Potential customer
Traveler	Li Xiang	20.08.2011	Potential customer
Traveler	Wu Nana	20.08.2011	Potential customer
Traveler	Huang Tao	20.08.2011	Potential customer
Traveler	Ding Xiaoqin	20.08.2011	Potential customer
Traveler	Sun Yu	23.08.2011	Potential customer
Traveler	Sun Yun	23.08.2011	Potential customer
Traveler	Zhao Wei	23.08.2011	Potential customer
Traveler	Qian Shanshan	23.08.2011	Potential customer

Traveler	Li Xiaolu	26.08.2011	Present customer
Traveler	Bai Jing	26.08.2011	Present customer
Traveler	Chen Zian	26.08.2011	Present customer
Businessman	Zhou Minli	20.08.2011	Present customer
Businessman	Zhang Tiefei	20.08.2011	Present customer
Businessman	Shi Rongjia	20.08.2011	Present customer
Businessman	Wang Li	20.08.2011	Present customer
Businessman	Wu Jiang	23.08.2011	Present customer
Businessman	She Jing	23.08.2011	Present customer
Businessman	Xu Juan	23.08.2011	Present customer
Businessman	Yang Yang	23.08.2011	Present customer
Businessman	Le Jia	23.08.2011	Potential customer
Businessman	Meng Fei	23.08.2011	Potential customer
Student	Zhang Tong	26.08.2011	Present customer
Student	Zou Hengwei	26.08.2011	Potential customer
Student	Yin Renping	26.08.2011	Potential customer
Worker	Peng Yu	26.08.2011	Present customer
Worker	Li Ai	26.08.2011	Present customer
Farmer	Liu Yan	26.08.2011	Potential customer
Farmer	Cao Qing	26.08.2011	Potential customer

Interview questions for present and potential customers:

1. What is your age and occupation?
2. Are you familiar with Huaji Hotel?
3. How long have you been a customer of Huaji Hotel?
4. How often do you stay in Huaji Hotel in a month?

-
5. What is the most important reason for you to choose Huaji Hotel?
 6. How do you think about the services of Huaji Hotel?
 7. How could Huaji Hotel improve its services?
 8. Which price level do you think is reasonable for Huaji Hotel?
 9. Do you have some wishes concerning discounts or ways of payment?
 10. Would it be feasible for Huaji Hotel to have a discount system for regular customers or for special times?
 11. How would you like to make the booking of your hotel room?
 12. Should Huaji Hotel offer 24 hour services?
 13. What kind of hotel advertising would you prefer: personal selling, printed brochures, advertising on magazines or Internet?
 14. How could Huaji Hotel best increase customer satisfaction?
 15. Would you like to give some advice to Huaji Hotel?

3.2 Results from the Interviews

Interview of the hotel managers and staff members

All the four managers and six members of staff have been working in hotel business for at least two years. Most of them started from a skeleton crew at the beginning, with being abundant in working experience. Many of them are familiar with Huaji Hotel, for Huaji Hotel has good reputation. Some managers and staff members regard good environment and service as the most useful way to increase hotel revenues, however, the others think low price as the most useful way. To better satisfy customers, such as booking, basic room facilities, free parking, front valuables safe, luggage service, tourism information, ticketing service, after-sales services and so on can be improved. Both four managers and six staff members believe that the most common reasons for customers to choose Huaji Hotel are nice service and nice price level together.

Considering there are plenty of hotels around Huaji Hotel, the price level of Huaji Hotel is supposed to be less than 100 RMB for standard single room, between 100 and 120 RMB for standard double room, and from 120 to 150 RMB for standard triple room, most managers and staff members suggest. Huaji Hotel ought to have some discounts in different situations, for instance New Year's Day, Valentine's Day, Chinese Valentine's Day, Christmas Day, and the Spring Festival. For the frequent customers, there should be 10 % discounts; for the first customers, there should be 5 % discounts if they stay more than three days. (Note: the ratio between Euro and Chinese currency is about 1:8.6 based on 22.11.2011 situation)

Most managers and staff members think the location of Huaji Hotel is superior, as there is a public bus schedule in front of Huaji Hotel. Therefore, many public buses have a stop here, with some passengers getting off and some passengers getting on. Most of the managers and staff members approve that advertising would be more feasible than sales promotion for Huaji Hotel, and sales promotion is certain to be

necessary for it can improve the customer service of Huaji Hotel to be better in a certain sense. Remembering some information of customers, for example the name, is a good way for a hotel to do after-sales marketing. Not only good service, but also favorable management, Huaji Hotel can enhance its reputation. In a word, many managers and representatives of staff suggest Huaji Hotel should provide customers with nice service continuously and pay attention to increasing its internal management well.

Interview of the present and potential customers:

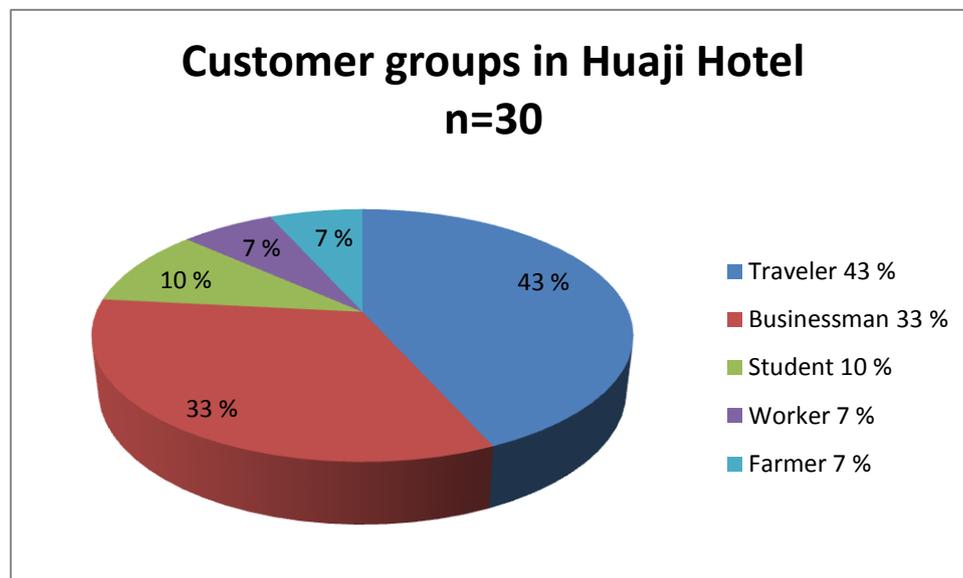


Figure 9. Five Different Customer Groups Staying in Huaji Hotel.

There are 14 interviews of present customers and 16 interviews of potential customers. From figure 9, it can be seen that the travelers and businessmen are main target customer groups of Huaji Hotel. According to the interview surveys, 13 travelers, 10 businessmen, 3 students, 2 workers and 2 farmers participated in the interviews, so they account for 43 %, 33 %, 10 %, 7 % and 7 % respectively.

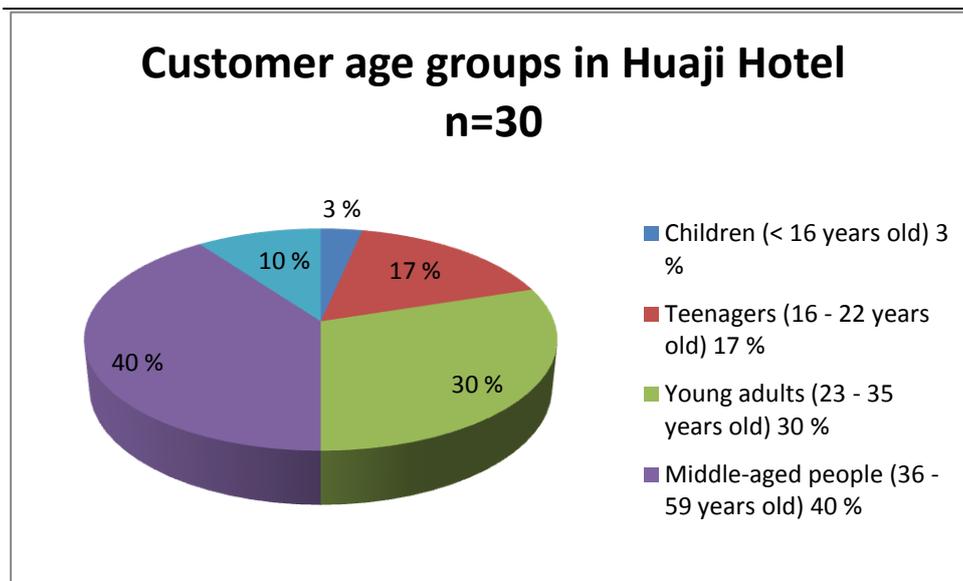


Figure 10. Customer Age Groups in Huaji Hotel.

During the interviews 1 child, 5 teenagers, 9 young adults, 12 middle-aged people, and 3 old-aged people took part in. From figure 10, as we can see, young adults and middle-aged people account for much percentage of the customers in Huaji Hotel. Therefore, how to satisfy young adults and middle-aged people is the main aim for Huaji Hotel.

Some travelers are the first time to pay a visit to Hangzhou, so they are not familiar with Huaji Hotel. However, most of them think Huaji Hotel is the best choice after comparing with other hotels nearby. Many travelers said that they would stay in Huaji Hotel again if they are on a trip to Hangzhou. No matter travelers, businessmen, students, workers and farmers, many of them are satisfied with the service and would like to come again in Huaji Hotel.

Some businessmen have been a customer of Huaji Hotel for nearly five years, but some are new-comers to Huaji Hotel. Some customers said that when they stay in Huaji Hotel for some days, they are used to accommodating here. Many businessmen stay in Huaji Hotel at least once in a month. Their companies are enlarging business in Hangzhou market; as a result, the staff and businessmen need to be on a business trip every month.

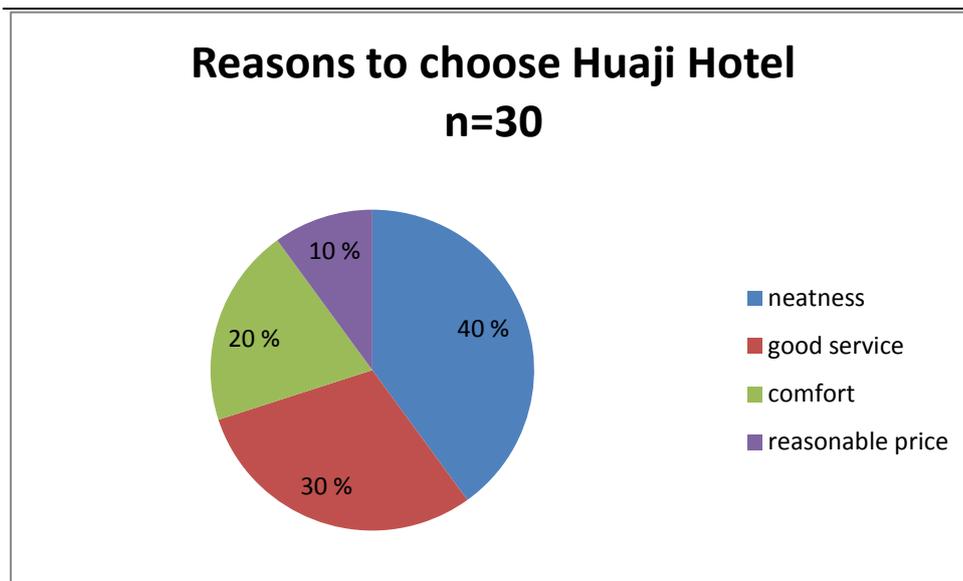


Figure 11. The Four Most Important Reasons for Customers to Choose Huaji Hotel.

Figure 11 shows the reasons why the customers choose to stay in Huaji Hotel. From high level to low level, the most important four reasons are neatness, good service, comfort, and reasonable price as well.

Among 30 present and potential customers who were interviewed, over 20 customers are pleased with the services of Huaji Hotel, and they think the services in Huaji Hotel are much better than in other hotels. The rest of the respondents, some consider the services of Huaji Hotel to be on the same as in other hotels, because they don't feel any difference between Huaji Hotel and other hotels, but some customers don't say anything about the services of Huaji Hotel.

For one thing, keeping the room clean and tidy is not enough, many customers said like this. They advise such as bed sheet, blanket and towel should be sanitary every day, in case that there is some kind disease existing. For another thing, strengthening the management, especially enhancing the standardization to improve the level is more essential to Huaji Hotel.

Most present and potential customers think 60 RMB for standard single room, 80 RMB for standard double room and 100 RMB for standard triple room as reasonable.

Certainly, customers consider the room price level from the point of their view. No matter present customers or potential customers, no matter the occupation, they would like to have some discounts from 5 % - 10 % to a certain extent. Most of the young interviewees, especially travelers and students, they wish to pay for the rent by electronic card, for online bank is easy, popular and convenient to make use of it. Many businessmen also have the same opinion as travelers and students, and they think too much cash in the wallet or bag is not a safe way. However, most workers and farmers don't think so. Because they are used to utilizing the cash to pay for everything that they purchase, and they don't like taking advantage of electronic card for they can't feel the money existing in reality.

Almost every customer approves that it would be feasible for Huaji Hotel to have a discount system for regular customers and for special times as well. They think it is a correct decision to carry out the discount system which will attract more customers to stay in Huaji Hotel, and it can bring the benefits with both customers and owners of Huaji Hotel. Many present customers are familiar with Huaji Hotel, so they prefer to make the booking of their hotel room by telephone talking with the staff about the room that they stay in every time; many potential customers, they prefer to make the booking of their hotel room by online and they will make a decision after getting known the facilities and environment.

Most customers of 30 interviewed people said, it's better to offer 24 hour services, but it is a bit difficult for small and medium size hotels. Huaji Hotel is not on a big scale hotel, so 24 hour services will cost a lot of money and labor power. Meanwhile, the business of Huaji Hotel is in good operation; as a result, it's no need to supply for 24 hour services.

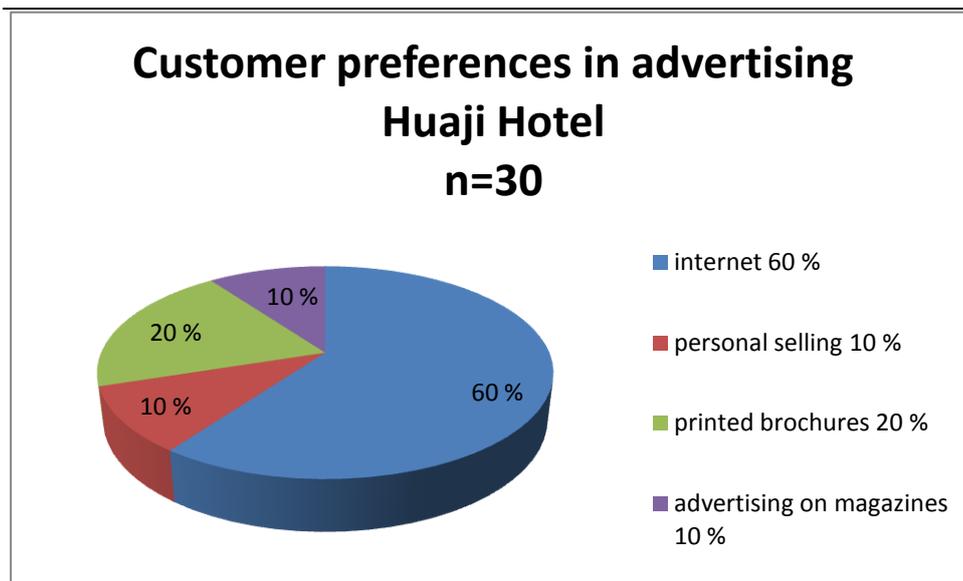


Figure 12. Four Kinds of Huaji Hotel Advertising that Customers Prefer.

Figure 12 shows four different kinds of hotel advertising, including internet, personal selling, printed brochures, and advertising on magazines. Among these four choices, customers are in favor of advertising on internet best.

On one hand, with the increasing high demand for services, customers are more and more critical. On the other hand, attendants have become increasingly difficult to recruit, with lower and lower quality, and the increasing mobility. The approach to best increase in customer satisfaction is improving the treatment of service personnel of Huaji Hotel. One way is improving their wages and salaries, especially the grassroots service personnel; another is making the level of education and relevant requirements to new staff, since qualified service personnel can create high-quality services which will be able to attract more customers.

In the end, some customers gave advice such as; Huaji Hotel can be in pursuit of individual, subject-oriented, and quality-oriented service. As Huaji Hotel is not restricted by Star, it's free to play, and enhancing the standardization and grade level of Huaji Hotel as well.

4 MARKETING PLAN FOR HUAJI HOTEL

In this chapter, there are some factual circumstances about Huaji Hotel in Hangzhou, which contain the introduction of Huaji Hotel and SWOT analysis for Huaji Hotel. In addition to these, the marketing plan for Huaji Hotel will be made.

4.1 Introduction of Huaji Hotel

Huaji Hotel was founded in the year 2003 by Mr Jin Guangfu, and there are three floors altogether with 32 rooms. Huaji Hotel is equipped with standard single, double, triple rooms, private bathroom, air-conditioner and 24 hour hot water. Huaji Hotel belongs to the sort of small and medium hotels, and its location is in Hangzhou, China. Hangzhou is located in northern part of southeast coast of China, which is the capital of Zhejiang Province and a deputy provincial city. Hangzhou is also the second largest economy in the Yangtze River Delta city, which is south wing of the economic, financial, logistics and cultural centre. It is political, economic and cultural centre of Zhejiang Province and an important traffic hub button in southeast China.

Hangzhou has been famous for its beautiful and distinctive natural landscape for a long time. During Yuan Dynasty, Hangzhou was praised by the famous Italian traveler Marco Polo as “the most beautiful luxury city in the world”. Hangzhou has a long history of 2200 years, and it is one of seven ancient capitals. There are a number of tourism scenery selected into the world record of China Association of World Records in Hangzhou, creating a group best in the world and best in China. Hangzhou is mentioned and introduced by the magazine of KLM Royal Dutch Airlines. June 24, 2011, West Lake of Hangzhou is formally included in the “World Heritage List”.

Furthermore, there is Thousands of Lakes, Qiantang River, and Beijing-Hangzhou Grand Canal in Hangzhou. Hangzhou Silk has a long history, and Hangzhou is known as “the place of silk”. Nowadays, Hangzhou Silk is exported to more than 100

countries on all continents and regions. West Lake Longjing (one of the most famous top 10 tea in China) and West Lake Lotus Root Starch are also Hangzhou specialties. With developed clothing, there are three large clothing markets in Hangzhou that are attractive to people to purchase high-quality clothes at a low price there.

At the beginning, Huaji Hotel had an advantageous geographic position. At that time, Huaji Hotel was away from East Bus Station 1.9 km, East Railway Station 1.7 km. Every day, there were a great many people coming and going. However, East Bus Station has been moved to another different place since September 2009, which is much further from the hotel than before. Besides, East Railway Station has stopped operating to be renovated on a large scale since January 2010, and the whole course will take more or less 3 years.

4.2 SWOT Analysis for Huaji Hotel

SWOT (strengths, weaknesses, opportunities and threats) analysis is an analysis of a company's advantages, shortcomings, favorable factors and clubs external. A good SWOT analysis can help a company to understand itself better and it is an important guideline for making proper marketing strategy plan. (Jobber 1995, 40)

4.2.1 Strengths and Weaknesses

Strengths of Huaji Hotel:

- Advantageous geographic position
- In front of a public bus schedule
- Favorable reputation
- Feasible price level
- Offering high-quality services
- "Customers are first" as the aim
- Good management and qualified personnel

-
- Abundant stream of people
 - Convenient transportation
 - Near East Bus Station
 - Near East Railway Station
 - Near the third biggest clothing market – East Station Clothing Market

Weaknesses of Huaji Hotel:

- The boss of Huaji Hotel is the first time to operate hotel business
- Lack of management experience and method
- Can't speak vernacular
- Not familiar with market situation

4.2.2 Opportunities and Threats

Opportunities of Huaji Hotel:

- Some hotels are too old so that they need to be rebuilt.
- The owners of some hotels have changed hotel into restaurant.
- East Railway Station will be shown in a new and large appearance and it can convey more people than before.

Threats of Huaji Hotel:

- There are plenty of small and medium hotels the same type as Huaji Hotel in that region.
- Facing fierce competition
- After decoration, the facility of some hotels may be better than Huaji Hotel.
- People have many choices to decide which hotel to stay in.
- Most bosses of other hotels are sufficient operation experience on hotel business.

4.3 Annual Development Plan for Huaji Hotel

After introducing the general information of Huaji Hotel and done the interview questions related Huaji Hotel, and also analyzed the SWOT of Huaji Hotel, it's time to make a practical annual marketing plan for Huaji Hotel to realize the goals and achieve the objectives.

By interviewing the present customers and potential customers, it's known that Huaji Hotel has huge market potential in Hangzhou. Due to future development of Huaji Hotel, there are classified short-term goals and long-term goals.

Short-term goals

Huaji Hotel already has been operating for more than eight years in Hangzhou, from this point, people are familiar with Huaji Hotel. However, the owners of Huaji Hotel have changed three times, as a result of this, people have no idea on the new boss or staff, or the services at present and in the future. Customers are not sure whether the service is as good as before, or better than before.

Therefore, combination feasible price with high-quality service together is in order to attract more customers. Customers can feel better service with reasonable price, and they will come to stay in Huaji Hotel again and again, and don't want to change to another hotel. According to different time periods, Huaji Hotel will give some discounts to customers, from 5 % to 10 %, no matter who is a new-comer or a second-time customer.

The short-time goals are to establish good customer relationships and maintain steady customer relationships. The objectives are to make Huaji Hotel be more attractive to customers, and insure Huaji Hotel's revenue. It's supposed that no less than 30 customers stay in Huaji Hotel every day. To a certain extent, it means 10 % increasing in sales and 30 % increasing in profit.

Long-term goals

Based on short-time goals, Huaji Hotel will set up its own website so that customers are able to make booking of the room from the internet, and they can also pay for the room online. Furthermore, Huaji Hotel will cooperate with some banks in credit card so that customers don't need to take too much cash with them. These two measures will bring much convenience and safety to customers, and they can save time and energy for customers. Huaji Hotel stands at the point of customers to think about what to improve and how to implement.

In the meantime, Huaji Hotel will make advertising on internet. Nowadays, internet is getting more and more popular within people. More and more people can get familiar with Huaji Hotel, and there will be a message board, thus customers are able to leave a message after staying in Huaji Hotel. Moreover, Huaji Hotel is going to print brochures, advertize on magazines, and carry out personal selling to increase its reputation so as to make more people known Huaji Hotel and had interest in staying in Huaji Hotel.

The long-term goals are to raise the image of Huaji Hotel and enlarge the reputation of Huaji Hotel so that Huaji Hotel is able to occupy most of the market of small and medium size hotels in Hangzhou. As a matter of fact, Huaji Hotel would like to have no less than 40 customers every day so that the income goal can achieve 45000 yuan every month and the profit goal can reach 26000 yuan every month.

Target groups

From the interviews of present and potential customers, it's known to us all that the target groups of Huaji Hotel are the customers of Northeastern China, Hebei Province, Shandong Province, Jiangsu Province, Zhejiang Province, Fujian Province, Guangdong Province and Yunnan Province who are able to pay and who are willing to stay. Among different customers, travelers and businessmen are the

main target groups, especially young adults and middle-aged people.

Activities with time schedule

Marketing operation	Timetable
marketing research: investigating the situation of market and competition to get a clear understanding for potential market in Hangzhou	from January 2012 to April 2012
training of staff members: giving classes and handbook to them so that they can obey the staff rules well and fulfill their duty better, for instance improving customer service and service attitude	from April 2012 to July 2012
marketing communications: newspaper advertising in Tangtang Advertisement of Hangzhou; internet on baidu website; flyers for 600 copies; public relations, such as introducing friends and relatives of different clients to stay; sales promotion, for example giving discounts in winter time, especially the off season period	from July 2012 to December 2012

Budgets

During the period of marketing research, it's estimated that Huaji Hotel will spend approximately 1800 RMB for three months. For the period of marketing management, it will cost Huaji Hotel around 500 RMB on the training of staff members. At the last period of marketing mix, it's supposed to spend about 3500

RMB for Huaji Hotel. Therefore, the budgets of Huaji Hotel on marketing activities are no more than 6000 RMB.

Organization and responsibilities

The marketing plan is for Huaji Hotel, so the management of Huaji Hotel is organizing and the owners of Huaji Hotel are responsible for the results.

Follow-up

Huaji Hotel will implement this marketing plan, and check the data, figures and results every half a month. If there will be some problems in the process of implementation, Huaji Hotel will make modifications in time.

5 CONCLUSIONS

The theme of this thesis is to make a practical marketing plan for the development of Huaji Hotel in Hangzhou. The objectives of this thesis are to find out efficient ways for Huaji Hotel to be more attractive in Hangzhou, and achieve the satisfaction of customers as much as possible. The thesis begins with presenting the background of small and medium hotels in China and the objectives of the whole thesis. The next part provides the theoretical knowledge for making a feasible and reasonable development plan for Huaji Hotel. After this, there is an overall analysis on Huaji Hotel to understand better the current situation. During the process of this thesis, all the information is derived from the interviews of hotel managers and staff and present and potential customers. Some other information is gained from internet and books. By making the SWOT analysis, it is easy to comprehend Huaji Hotel competitive advantages and competitive limitations. Therefore, it's not difficult to draw a logical and systematic marketing plan for Huaji Hotel in Hangzhou.

As all the information and data is obtained from the interviews, books and internet, the thesis project is combined primary data with secondary data.

In the process of this thesis, there are some problems to deal with. When interviewed the hotel managers and staff members, some of them don't want to share the working experience, and they don't say deep content. Then, asked them to give some advice, some don't want to tell.

To be honest, working on the thesis process is not easy. On one hand, there is a great deal of theoretical knowledge and literature material; it is difficult to decide what to choose and how to choose. On the other hand, during the process of interviews, not every customer is willing to cooperate, thus it takes some trouble to carry out.

All in all, this thesis offers a lot of valuable experiences to me. Although I come across some difficulties during the process of this thesis, the thesis improves my ability to solve the problem. This is the first time that I have accomplished an exhaustive analysis and made a suitable marketing plan for a company. From the working process, I have already learned how to put theoretical knowledge into the practice and how to combine theoretical knowledge with the practical situation.

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APPENDICE

Appendix 1

Interview Questions of Hotel Managers and Staff Members

1. Could you, please describe your job and your position?
2. How long have you been working in hotel business?
3. Are you familiar with Huaji Hotel?
4. What do you regard as the most useful way to increase hotel revenues?
5. What kind of services hotels can improve to better satisfy customers?
6. Which in your opinion are the most common reasons for customers to choose Huaji Hotel?
7. What would be good actions to market Huaji Hotel?
8. What do you think about the price level of Huaji Hotel?
9. What is your opinion about discounts in different situations and different customers?
10. What do you think about the location of Huaji Hotel?
11. What kind of marketing communications, advertising and sales promotion would be feasible for Huaji Hotel?

12. What do you think about the customer service of Huaji Hotel?

13. What would be a good way for a hotel to do after-sales marketing?

14. How does Huaji Hotel enhance its reputation?

15. Would you like to give some advice to Huaji Hotel?

Appendix 2

Interview Questions of Present and Potential Customers

1. What is your age and occupation?
2. Are you familiar with Huaji Hotel?
3. How long have you been a customer of Huaji Hotel?
4. How often do you stay in Huaji Hotel in a month?
5. What is the most important reason for you to choose Huaji Hotel?
6. How do you think about the services of Huaji Hotel?
7. How could Huaji Hotel improve its services?
8. Which price level do you think is reasonable for Huaji Hotel?
9. Do you have some wishes concerning discounts or ways of payment?
10. Would it be feasible for Huaji Hotel to have a discount system for regular customers or for special times?
11. How would you like to make the booking of your hotel room?
12. Should Huaji Hotel offer 24 hour services?
13. What kind of hotel advertising would you prefer: personal selling, printed brochures, advertising on magazines or Internet?

14. How could Huaji Hotel best increase customer satisfaction?

15. Would you like to give some advice to Huaji Hotel?