

# **Ch.1 An Introduction to Hospitality Industry**

## **1.1 Introduction to Hospitality Industry**

The hospitality field, by definition, is a service industry, derived from the Latin word *hospitare* meaning to “receive as a guest”. Its task is to create shareholder wealth by servicing and satisfying guests. Industry segments include, among others: hotels, restaurants, private clubs, managed food service, event planning, tourism related businesses, and travel providers. More often than not, the product purchased is either intangible or the perceived quality of the product purchased is impacted by the service method in which it was received.

Hospitality is the act of kindness in welcoming and looking after the basic needs of guests or strangers, mainly in relation to food, drink and accommodation.

## **1.2 Marketing:**

Today marketing isn't simple business function; It's a philosophy, a way of thinking, and a way of structuring your business and your mind. Marketing is much more than a new ad campaign. The task of marketing is never to fool the customer or endanger the company's image. Marketing's task is to provide real value to targeted customers, motivate purchase, and fulfill consumer needs.

## **1.3 Definition of Marketing**

Here are some definitions by renowned authors in the field of Marketing -

- Marketing is the social process by which individuals and organizations obtain what they need and want through creating and exchanging value with others.

This definition is based upon a basic marketing exchange process and recognizes the importance of value to the customer.

- The process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Kotler & Armstrong ( 2010)

**Defining the term MARKET :** A market is , the set of actual and potential buyers of a product or services.

#### **1.4 Customer Orientation:**

Customer orientation is of ultimate importance to deliver value added products. There are four basic stages of customer orientation -

- a) Develop - has to be done keeping customer needs into mind.
- b) Manufacture - As per the product, the manufacturing should be such that it gives the best products to the customer in the given time.
- c) Market - Identifying and targeting the right customer, customizing the product.
- d) Deliver - Deliver to the target customer, making the distribution easy.

#### **1.5 Core concept of Marketing:**

The marketing concept holds that the key to achieving organizational goals consists of being more effective than competitors in integrating marketing activities toward determining and satisfying the needs and wants of target markets. Meaning delivering the product that is better than the competitor and as per the requirement of the customer.

#### **1.6 Pillars of Marketing Management:**

Marketing management is the analysis, planning, implementation and control of programmes designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives. (Managing the marketing activities in a planned manner).

**1.6.1 The Production Concept:** The philosophy that consumers will favour products that are available, that management should therefore focus on improving production and distribution efficiency. The production orientation is based on conditions of mass production and limited consumer choice. This leads to an inward-looking focus as management strives to control costs, improve quality and efficiency, and increase volume.

**1.6.2 The Product Concept:** The idea that consumers favour products that offer the most quality, performance and features, and that the organization should therefore devote its energy into making continuous product improvements; a detailed version of the new product idea.

Companies adopting a product orientation believe that their customers can only be satisfied with a particular type of product. Management concentrates on developing better versions of the existing product, but fails to recognize that customers could be satisfied better by different types of products.

**1.6.3 The Selling Concept:** The selling concept determines that consumers will not buy enough of the organisation's products unless the organization undertakes a large scale selling and promotion effort. Companies adopt the selling orientation when their products are competing in markets where supply exceeds demand, and growth is low or declining.

**1.6.4 The Marketing Concept:** Achieving organizational goals depends on determining the needs and wants of its target market and the marketing orientation is considered by some authors to be the same as the marketing concept. It is an alternative strategy to the selling orientation, to cope with similar economic conditions (i.e. surplus capacity leading to a fiercely competitive environment).

**1.6.5 The Societal Marketing Concept:** The idea that the organization should determine the needs, wants and interests of target markets and deliver the desired satisfaction more effectively and efficiently than competitors in a way that maintains or improves the consumers and society's well-being. A societal marketing orientation suggests that companies should become proactive in the community, adopting a 'good neighbor' policy in their company's best interest. A number of hospitality organizations have genuinely adopted a societal marketing

## **1.7 An introduction to Hospitality Marketing**

In the hotel industry, marketing and sales are often thought to be the same, and no wonder: The sales department is one of the most visible in the hotel. Sales managers provide prospective clients with tours and entertain them in the hotel's food and beverage outlets. Thus the sales function is highly visible, whereas most of the non-promotional areas of the marketing functions take place behind closed doors. In the restaurant industry, many people confuse marketing with advertising and sales promotion.