

VIB: A MARKETING CASE STUDY ANALYSIS

VIB: BİR PAZARLAMA VAKA ÇALIŞMASI ANALİZİ

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ABSTRACT

Best Western Hotels & Resorts (BW) introduced a new brand called "Vib". The first BW Vib Hotel opened as BW Vib Antalya in 2017. Despite Vib's brand concept, BW Vib Antalya is located outside of the city center of Antalya, which could be seen as a weakness. There are some marketing related problems based on 4P marketing mix elements; such as the location selection of the Hotel. The main aim of this case study is to describe the current situation of BW Vib Antalya and investigate marketing related problems regarding BW Vib Antalya in order to provide students a unique case study. A semi-structured face-to-face in-depth interview was conducted with the Hotel Manager in order to enrich the case study analysis. The in-depth analysis showed that there exist some marketing mix elements related problems which negatively effects the revenue levels. However, the management is trying to overcome these with some marketing activities. As a conclusion, the students need to address several questions in this case study and come up with creative marketing offerings.

Anahtar Kelimeler: Market segmentation/target markets, hospitality industry, marketing, services marketing

JEL Kodları: M10, M31

ÖZET

Best Western Hotels & Resorts (BW) işletmesi "Vib" adı altında yeni birim marka oluşturmuştur. İlk BW Vib Otel'i ise 2017 yılında BW Vib Antalya olarak açılmıştır. Vib'in marka konseptine karşın, BW Vib Antalya, Antalya şehir merkezinin dışında bulunmaktadır. Bu durum ise bir zayıf nokta olarak görülebilmektedir. 4P pazarlama karması unsurları temelinde otelin pazarlamayla ilgili çeşitli problemleri bulunmaktadır; örneğin otelin lokasyon seçimi. Bu vaka çalışmasının temel amacı BW Vib Antalya'nın mevcut durumunu belirterek ve BW Vib Antalya'nın pazarlama ile ilgili problemlerini araştırarak öğrencilere özgün bir vaka çalışması sunmaktır. Vaka çalışması analizini zenginleştirmek için Otel Yöneticisi ile yarı-yapılandırılmış yüz yüze derinlemesine görüşme yapılmıştır. Derinlemesine yapılan analiz sonucunda bazı pazarlama karması unsurları temelindeki problemlerin gelirleri olumsuz yönde etkilediği görülmüştür. Buna karşın, otel yönetimi bu olumsuz durumun üstesinden gelmek amacıyla çeşitli pazarlama faaliyetleri gerçekleştirmektedir. Sonuç olarak, öğrencilerin vaka çalışmasındaki soruları ele alması ve yaratıcı pazarlama fikirleri üretmesi gerekmektedir.

Keywords: Pazar bölümlendirme/hedef pazarlar, konaklama endüstrisi, pazarlama, hizmet pazarlaması

JEL Codes: M10, M31

1. INTRODUCTION

For the last decades, the marketing settings of hospitality industry have changed substantially (Mitra, 2020). As in other industries, segmentation has become much more important. Indeed, consumer segmentation has been considered as one of the most beneficial concepts in marketing (Kamakura and Russell, 1989). Studies also show different segmentation methodologies such as based on industry data, benefit segmentation and so on (e.g. Chung et al., 2004). Big companies create new brands targeting various kinds of customers. “Vib” is a brand of Best Western Hotels & Resorts (BW) that is mainly a business hotel brand. Vib is abbreviation of the term “vibrant” and as the word implies, BW Vib is a brand that is vibrant in nature with stylish design, high-tech infrastructure, and hip and boutique concept targeting business travelers.

BW had started construction of their new concept brand BW Vib in 8 different locations in the World and the first one opened is BW Vib Antalya in 2017, which is located in Antalya, Turkey. Antalya resides in southern part of Turkey with a total of 640 km coastline. The city also known as “The Turkish Riviera”, “The Pearl of Mediterranean” and “The Heaven on Earth”. Antalya has two international airport terminals where the total numbers of passengers in 2011 was more than 25 million. Approximately, Antalya hosts every year more than 10 million foreign tourists. The city is known for its ancient historical sites, waterfalls, caves, endless beaches, high quality Hotels & Resorts, and golf tourism and so on. In general, the hotels are near the coast or in the city center. Despite its totally new concept, BW Vib Antalya is located approximately 30 km outside of the city center of Antalya, which could be seen as a weakness. Hotel location may be sometimes a determining point regarding guest related evaluations (Yang et al., 2018). From observations, it can be seen that BW Vib Antalya has some marketing related problems based on 4P marketing mix elements; such as the Hotel’s unlike location. The main aim of this case study is to provide students a unique case study by describing the current situation of BW Vib Antalya and investigating marketing related problems regarding BW Vib Antalya.

The most problematic marketing element is regarding “place” element. As mentioned, BW Vib Antalya is located far from city center of Antalya. The Hotel resides inside of Antalya Organized Industrial Site where different kinds of manufacturing firms are located. Although BW Vib is normally a city center hotel brand with its focus on business travelers, BW Vib Antalya opened outside the city center with its potential for business clients. BW Vib Antalya has begun its operations in the beginning of 2017, however, after one year, the occupancy rate for the first year is below expectations.

BW introduced a new brand with its unique concept, but the first BW Vib Hotel has some contradictions and possible complications. As a result, it is decided to further investigate the marketing related problems of BW Vib Antalya based on 4P marketing mix elements. As a result, this case study brings out several important questions that need to be addressed by students. It is expected that students come up with creative marketing offerings for this specific case.

This article begins with the brief history of the company. Then, methodology section will be provided. The next section discusses 4P’s of BW Vib Antalya followed by some marketing insights. After bringing the case study questions for students, teaching notes and a general conclusion will be provided.

2. BRIEF HISTORY OF THE COMPANY

The parent company of BW Vib Antalya is Best Western International (BWI). BWI was founded in 1946 and the headquarters is located in U.S.A. BWI operates approximately 4,700 hotels around the World. The CEO of the company is David Kong since 2004. Under BWI, there are 18 different brands which the first 10 are under BW brand (Best Western, BW Plus, BW Premier, Vib, Glo, Executive Residency by BW, Sadie by BW, Aiden by BW, BW Premier Collection by BW, and BW Signature Collection by BW), 4 brands are under

WorldHotels Collection (WorldHotels Luxury, WorldHotels Elite, WorldHotels Distinctive and World Hotels Crafted) and 4 brands are part of SureStay Hotel Group (SureStay Hotel by BW, SureStay Plus Hotel by BW, SureStay Collection by BW, SureStay Studio).

BWI operates BW Vib Antalya with Guncem Turizm A.S. (GT) which is a company founded in Turkey. GT was founded in 2013. GT also operates another BW Hotel in Antalya city center, which is BW Plus Khan. GT has been operating BW Plus Khan successfully for the last 4 years so that BWI continued with GT for BW Vib Antalya. Apart from hotels, GT also operates Spa Centers in Antalya under the brand of Risus Spa. Currently, GT operates two hotels with BWI that are BW Plus Khan and BW Vib Antalya.

3. METHODOLOGY

This case study uses a qualitative approach in order to reveal specific information. As an inductive approach, the use of interview method was appropriate. In addition to observations from outside and as a guest of the Hotel, a semi-structured face-to-face in-depth interview was conducted with the Hotel Manager in order to fully articulate the marketing related problems of BW Vib Antalya. The semi-structured interview was based on the 4P marketing mix elements. Accordingly, the questions covered main elements of 4P.

4. 4P's of BW VIB ANTALYA

It is important to concentrate on 4P's of BW Vib Antalya. Recent studies also concentrated on 7P (e.g. Novela et al., 2018). However, this study focuses on basic marketing mix elements using 4P. Although the 4P concept has been receiving some criticism and expanding, it is a wide accepted classification (Waterschoot and Bulte, 1992).

Product- In order to create a strong brand, the product itself should be superior. In this case study, the product is actually the service where customer experience is very important. BW Vib Antalya offers social engagement, technology integration and consistent service. The hotel equipped with high-tech infrastructure with stylish design and luxury elements. Each guestroom has lots of executive features such as unique signature king room design, HVAC-high efficiency system, electronic lock-bluetooth or RFID technology, signature desk chair (750 euro each) and so on. As the Hotel Manager said, "As the Hotel Manager, I can keep track of every electronic device and current situations from an automation system such as the pressure of water going to guestrooms, the reason why the washing machine is not working, the impact of a potential lightening, and the temperature of the swimming pool and so on".

Promotion- The main source of the promotion activities is from the power of BW brand. Promotion activities are usually in line with advertising activities where the power of BW brand plays the major role in this particular subject. Sales promotions are other important promotion activities which mainly urge customers to buy the product/service. There are promotion activities such as brochures, organizing exhibitions, events, and meetings. Company visits for business customers are also done by marketing & sales team of BW Vib Antalya. These increase the probability of purchasing the product/service first time and also repeat purchase of customers that may lead to loyalty.

Place- As it is mentioned before, the location of the Hotel is quite problematic. BW Vib brand is a city center Hotel, but in this case, the location is quite far from the city center. As the Hotel Manager said, "Under normal conditions, BWI strictly does not allow BW Vib concept in this location, however, we proposed this location to BWI and because of our success with BW Plus Khan, we got approval from BWI for this location". Since the location is far from city center, transportation is a problem, and this affects the decision of potential customers. As the Hotel Manager mentioned, "The biggest risk for us: The distance is very far and there are no entertainment-attraction places in this area. There is not a single mall or bazaar here, which is a disadvantage for us. Nowadays, Generation Y has a tendency that they are turning business trips also into a vacation so that the distance is an important risk factor for us. Moreover, the Hotel is not residing on the roadside; rather it is located inside

Antalya Organized Industrial Site. This also creates a prejudice as it is inside the industrial site. So, the biggest handicaps are the distance, not being on the roadside and being inside of the Antalya Organized Industrial Site”.

Price- Although yield management pricing strategy is common in this type of industry, the Hotel offers a fixed price during the year. Considering its rivals in Antalya, competitors’ prices are varying with respect to the season. As the Hotel Manager said, “We offer our clients best price guarantee, we make deals with our clients and offer them fixed price throughout the year”. This strategy may be good for attracting loyal visitors; which is important for destination managers (Petrick, 2004). However, this pricing strategy is also questionable since the competitors’ prices may be decreasing in the low season more than BW Vib Antalya’s tolerance level.

5. TARGET MARKET, CURRENT MARKETING ACTIVITIES AND SOME INSIGHTS

The number of boutique Hotels are increasing in Antalya, however, there are usually same type of Hotels offering similar products and services resulting with low differentiation. In general, segmentation based on lifestyle, demographics, geographics and other criteria can be seen in accommodation industry. In Antalya, the Hotels usually make segmentation and decide on target market according to demographic and geographic characteristics such as targeting Russian customers, German customers, European customers etc. The current client base of BW Vib Antalya is mainly business clients. Therefore, the main market for the Hotel is corporate customers. As a result of the segmentation strategy, the Hotel mainly carries B2B activities. As the Hotel Manager mentioned, “We have almost no contracts with tour operators such as ETS Tour, booking.com, expedia; this ratio is almost 5%”. The occupancy rate of the Hotel is below expectations, and as a result of this, the Hotel carries on various marketing activities. As the Hotel Manager said, “Currently, our biggest marketing strategy is to make one-to-one agreements with corporate clients. We are making agreements with universities, football clubs, and organizations and so on”. The Hotel is also organizing events, breakfast, lunch, dinner and exhibitions to attract potential clients. As the Hotel Manager pointed out, “There are lots of associations here such as Organized Industrial Site Businessman Association; we offer every Thursday breakfast for them. We are trying to organize group lunch and dinners, we are holding events in collaboration with municipality personnel, and we are attracting potential clients for our sport club membership”. To sum, the Hotel is trying to cover its low revenue levels due to low occupancy rates with some hot marketing activities.

Antalya is well known for its beautiful weather and sun-sea based all-inclusive Hotel tourism. This new concept of BW Vib Antalya is not matching with conventional perception and competition in Antalya Hotel industry. From a marketer’s perspective, the product suitability is questionable for the target clients. Nonetheless, the Hotel Manager concludes from a wider perspective with respect to selection of the location: “Under the brand of BW Vib, there is another opportunity here. We also wanted to promote Antalya Organized Site to the world, and we managed to success it. The World press such as Bloomberg made news about BW Vib Antalya. So, there is another mission here; we wanted to show that Turkey-Antalya is not an only tourism destination for sea-sun with all-inclusive Hotels. We wanted to show that there is also an important business life and manufacturing here in Antalya, and the potential of this is so big that a Hotel is needed in this area”.

6. CASE QUESTIONS

- 1) What role marketing plays in accommodation business?
- 2) How do you evaluate BW’s market segmentation strategy?
- 3) How do you define BW Vib “product concept”?

4) When you compare with rivals' brands (especially Hilton, Marriott, Holiday Inn groups) with BW Vib, which specific brands do you think are the direct competitors of BW Vib?

5) Which strengths and weaknesses BW Vib have compared to head-to-head competitors?

6) Specifically, what do you advice to the Hotel Manager to increase the occupancy rate and create and maintain brand preference and brand loyalty?

7. TEACHING NOTES and CONCLUSION

Firstly, accommodation business analysis should start with environmental analysis. The instructor should highlight all environmental factors creating opportunities or threats for the company. Starting with geographical conditions that should be highlighted with the site or location selection of the company, which seems to be one of the critical problems of BW Vib Antalya. Location selection issue should be discussed in depth in the class by the instructor. In addition to that, other macro environmental factors including technology, social and cultural factors, economic developments, political and legal environment, direct and indirect competition should be discussed in depth. Instructor should ask specific question regarding this situation analysis focusing on external macro environmental conditions.

Secondly, importance of market segmentation in the accommodation business should be discussed. The importance, feasibility and the different approaches for market segmentation in both consumer and business markets should be discussed. In addition to traditional market segmentation criteria such as geography, demography, psychographics; product related segmentation approach should be brought into discussion. Within this context, frequency and length of staying, purpose of staying and especially brand retention and loyalty should be discussed. Which segmentation criteria should be applied to this business should discussed in depth in class. Thus, students should really learn how to do situation analysis for this business and all of the phases of market segmentation strategy.

In addition to all these, not the specific product itself but the "product concept" should be further discussed. Considering the new product development process, the stage of product concept development and how it should be formulated should be questioned. At this stage, how the "marketing myopia" should be identified and eliminated should be elaborated. Since myopic view of the product is the critical problem in many instances, this point should be clearly elaborated giving specific examples from other industries as well.

Within the case context, BW Vib's direct or head-to-head competition with other umbrella brands (especially Hilton, Marriott, and Holiday Inn) also should be discussed. Here, alternative competitive strategies should be elaborated and discussed. Which competitive strategy students considered to be the best strategy for Vib against direct rivals should be highlighted. In this competitive analysis, specific strength and weaknesses of BW Vib Antalya compared to the major rivals should be discussed and questioned in detail.

The importance of capacity utilization ratio (occupancy rate) should be also discussed. Within this discussion, direct (variable) and indirect (fixed or overhead) costs should be classified and elaborated. In addition, how this cost analysis should be done in this business should be shown and questioned in discussion. At this point break-even analysis should be practiced by the students. The importance of controlling and managing overheads and the direct costs should be specified item by item.

Finally, students should be stimulated to come up with novel and innovative ideas as recommendations to the top marketing management of BW Vib Antalya to increase the occupancy rate. Specific campaigns should be developed and proposed by the students. Even specific integrated marketing communication (IMC) campaigns should be assigned to individual or small group (3 to 5) of students.

The main aim of this case study was to provide a unique case study for students by concentrating on BW Vib Antalya and its marketing related problems based on 4P marketing mix elements. In order to enrich the case study analysis, a semi-structured interview was done with the Hotel Manager. The results of the interview also provided additional marketing related problems that helped to formulate much more appropriate case study questions for students. The case study stimulates students' creative problem-solving skills and by also providing teaching notes, this study offers a comprehensive case study analysis including qualitative research approach.

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