

**CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE**

**FACULTY OF ECONOMICS AND MANAGEMENT**

**Department of Management**



**BACHELOR THESIS**

**MARKETING – STRATEGY  
IN THE VIETNAMESE HOTEL INDUSTRY**

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## **Bachelor Thesis Assignment**

## **Declaration**

I hereby declare that this bachelor thesis called “Marketing- strategy in the Vietnamese hotel industry “, I assessed on my own with the usage of the knowledge that I got from the listed literature and practical experience with the help of the supervisor of the bachelor thesis.

In Prague, 14th March, 2010

.....  
Nguyen Hong Hanh

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And also I would like thanks to my friend for their recommendation.

**MARKETINGOVÁ STRATEGIE  
VE VIETNAMSKÉM HOTELOVÉM PRŮMYSLU**

**MARKETING – STRATEGY IN THE VIETNAMESE  
HOTEL INDUSTRY**

## **Summary**

Stable political situation and the opening of preferential policies have attracted many foreign investors interested in tourism to Vietnam. The creation of favourable conditions has led to strong development of tourism and commencement of a new period in Vietnam's economy. The hotel industry is obviously a fundamental activity and has brought quite large revenue for the country for the tourism business.

Marketing activities in the hotel industry do not involve only guests, but they also promote the consumption of products and services, which ensure the existence and development of a variety of associated enterprises in the current competitive environment. Therefore, the marketing strategy for the hotel industry in Vietnam is very necessary to ensure that the supply of hotel rooms can meet the demand in terms of quantity and quality. The marketing strategy is more and more important especially with large hotels. However, the marketing can only have a real effect when it is carried out on the basis of empirical research and with proper attention to the business.

This Bachelor Thesis provides an introduction to the strategic marketing activities in the hotel business in Vietnam, analysis of the marketing mix activity in an international ASEAN hotel in Hanoi which has been selected for this study, and it attempts to propose a marketing strategy for Vietnamese hotels.

Key words: Vietnam, hotel, marketing, marketing strategy, marketing-mix, tourism, visitor, services.

## **Souhrn**

Cestovní ruch je jeden z nejdůležitějších sféry ve státech, který ovlivňuje finanční politiku . I ve Vietnamu je tato sféra velmi důležitý. Díky stabilitě politické situace a otevření preferenční politiky se začali více objevovat zahraniční investoři do sféry cestovní ruchu ve Vietnamu. Příznivé podmínky vedlo k silnému rozvoji cestovního ruchu a zahájení nového období v ekonomice Vietnamu. Proto se i v hotelovém průmyslu hodně zlepšila.

Marketingové aktivity v hotelovém průmyslu nepředstavují pouze hosté, ale také podporu spotřeby výrobků a služeb, které zajistí existenci a rozvoj různých přidružených podniků v současném konkurenčním prostředí. Proto marketingové strategie pro hotelový průmysl ve Vietnamu je velmi nutné zajistit, aby poskytování hotelových služeb uspokojovali poptávkám. Jedná se nejen z hlediska množství ale i kvalitě poskytovaných služeb. Marketingová strategie je stále více a více důležitý, zejména u velkých hotelech. Proto mohou hotely na trh pouze tehdy, jestliže jsou podrobeny různými empirickými výzkumy .

Tato bakalářská práce poskytuje úvod do strategického marketingové aktivity v oblasti hotelnictví ve Vietnamu, analýza činnosti marketingového mixu v mezinárodním hotelu ASEAN v Hanoji, která byla vybrána pro tuto studii, a snaží se navrhnout marketingové strategie pro vietnamské hotely .

**Klíčová slova:** Vietnam, hotel, marketing, marketingová strategie, marketing-mix, cestovní ruch, návštěvníky, služby.

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## **I. List of Acronyms and Abbreviations**

ASEAN	Association of Southeast Asian Nation
WTO	World Trade Organization
APEC	Asia-Pacific Economic Cooperation
UNESCO	The United Nation Education, Scientific and Cultural Organization
PATA	Pacific Asia Travel Association
ASEM	The Asia-Europe Meeting
GDP	Gross Domestic Product

## **1.INTRODUCTION**

The hotel industry is obviously a fundamental activity in international tourism. It is very important to the overall economic sector and plays an important role in most countries in providing facilities for the transaction of business, for meeting and conferences, for recreation and entertainment. In that sense hotels are as essential to economies and societies as adequate transport, communication and retail distribution systems for various goods and services. Through their facilities, hotels contribute to the total output of goods and services, which makes up the material wellbeing of nations and communities

In Vietnam, since 1986, when the Vietnamese government enacted a new policy of “doi moi“, especially after the lifting of the US embargo, more and more foreign travelers have visited Vietnam, contributing to the development of the Vietnam tourism industry, which is growing rapidly. It is expected to contribute substantially to the Vietnamese economy in the coming years. The hotel industry will play a major role in this sector. Since the financial crisis in Asia, investment in hotels in Asia in general and Vietnam in particular, decreased significantly, leading to severe shortage of rooms in Ho Chi Minh City and Hanoi, while the demand by the international tourists has risen. The number of visitors is still expected to increase to 5 million in 2010.

Marketing activities in the hotel industry do not involve only for guests, but they also promote the consumption of products and services, which ensure the existence and development of enterprises in the current competitive environment. Therefore, the marketing strategy for hotel industry in Vietnam is very necessary to ensure that the supply of hotel rooms can meet the demand in terms of quantity and quality.

The focus of this Thesis is introduction to the marketing of the Vietnamese hotel industry, a case study of an ASEAN international hotel with the analysis of the marketing mix activity of this hotel.

This study uses a different method of research, ranging from the reliance on the primary and secondary data to the questionnaire and analysis of needs.

## **2.OBJECTIVES AND METHODOLOGY**

### **2.1. Objectives**

In tourist industry, hotels are the primary business and have brought quite large revenue. However, under the conditions of market economy, when the competition between companies is becoming intense, marketing really plays an important role in the existence and development of enterprises in general and the hotels business enterprise in particular. The basic objective of this study is an introduction to the strategic marketing activities in the hotel business in Vietnam, analysis of the marketing mix activity in an international ASEAN hotel and it attempts to propose a marketing strategy in this hotel.

The ASEAN International Hotel is located in the heart of a rapidly expanding business, shopping and entertaining district of Hanoi. The hotel is recognized as The Friendliest Hotel in Town because of its personalized service and attention to detail, with its warm and cozy atmosphere which will please even the most demanding business and leisure travelers

### **2.2. Methodology**

I used mainly literature obtained from Vietnam, from the Web pages of International organization such as Wikipedia, Asia Pacific Tourism Association, PATA Travel News, and Asia Travel. I also obtained information from the Vietnam tourism web pages, from my friends who are studying and working in hotel industry and tourism, and also from my experience and knowledge gained during the time I lived and studied in my country. I have collected some of the data and charts and created some basic questionnaires to survey and analyze the marketing strategies in the Vietnamese hotel industry.

During the research, I wanted to find out about the Vietnamese and foreigners' opinion about the quality of Vietnamese hotels. My Survey Questionnaires were sent to Vietnam and responses were collected from the Vietnamese and some foreign visitors staying in some hotels in Vietnam.

A total of 30 respondents filled in my questionnaires that had been sent to the ASEAN Hotel in Hanoi. Their ages ranged from 16 to 65 years. They were asked about the quality of service and accommodation in the ASEAN Hotel, and also to compare this hotel with other ASEAN hotels. Using the results that I received I was able to start analyzing the quality and the role of marketing strategy of the hotel industry in Vietnam, especially in the ASEAN International Hotel.

### 3. Marketing Vietnamese hotel industry

#### 3.1 Introduction about tourism in Vietnam

##### 3.1.1. Vietnam

Vietnam is in the period of industrialization and modernization of the country, and is endeavoring to improve the social equality, demography, and civilization. When describing the success of the process of industrialization it must be remembered that the service industry, particularly that provided by tourism, has contributed positively to the economy and become one of the key economic sectors of the country. Furthermore, tourism has succeeded in introducing Vietnam to the world. Firstly, I would like to introduce some basic data about Vietnam.

	Official country name: The socialist Republic of Vietnam [1] ( <i>Cộng hòa xã hội chủ nghĩa Việt nam</i> )
Capital:	Hanoi
Official language:	Vietnamese
Area:	331.690 km <sup>2</sup>
Population:	86.116.559 (2008)
Largest city:	Ho Chi Minh City
Currency:	Vietnam Dong (VND)
Exchange rate:	17.750 VND/1 USD (2009)
Climate:	Vietnam lies in the tropics and is affected by monsoon winds
Topography:	Three quarters of Vietnam's territory consist of mountains and hills
Administrative Units:	Vietnam is divided into 63 provinces and cities

Lying on the eastern part of the Indochinese peninsula, The Socialist Republic of Viet Nam is a strip of land shaped like the letter “S”, which is bordered to the north by China, to the west by Laos and Cambodia and to the east by the Pacific Ocean. With its political stability, favorable geographical location, mild climate and the hospitality, friendliness of its people, Vietnam has attracted millions of tourists from all over the world every year. Due to its long history of some 3000-4000 years, Vietnam also has diverse cultures, cuisines, and a rich national character. In addition, Vietnam also has numerous islands, nice beaches and caves, such as two World Natural Heritage sites: Halong Bay and Phong Nha- Ke Bang National Park, which are very attractive to tourists. [2]

##### 3.1.2. Tourism in Vietnam

Since 1996, the introduction of an economic reform policy, Doi Moi, Vietnam has undergone a transition from a centrally planned economy to a free-market-oriented economy. As a result, the Vietnamese tourism industry has developed to one of the

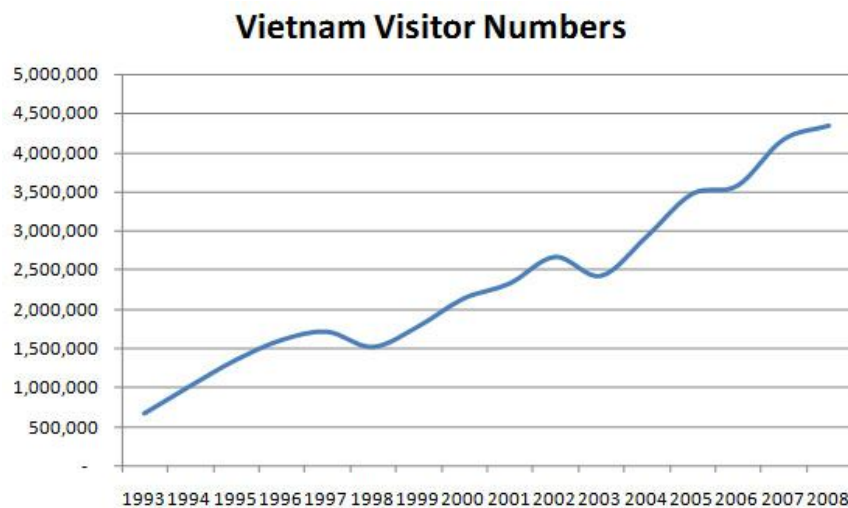
fastest growing business areas in the country. Vietnam has a high market potential to make tourism become a major industry.

The operation of the young tourism industry in Vietnam has been recorded by World Economic Forum (WEF) as early as 1995. Nowadays, tourism is gradually becoming one of the key economic sectors of the country. Vietnam has nearly 500 international tour companies and over 10,000 enterprises for domestic travel which now employ about 5,000 tour guides. The number of international visitors to Vietnam is growing. In 1995, Vietnam received 1.35 million international passengers and by 2005 that figure had increased to 3.478 million international passengers, which indicates an annual average increase of 22%. The first 7 months of 2006, the volume of international tourists to Vietnam reached nearly 2.2 million, up to 7% over the same period in 2005. Furthermore, the number of the domestic tourists has increased by 15% according to the annual average report. Income from tourism has also increased to 33% according to the annual average. ( In 1995 the income from tourism was estimated at about \$500 million, while in 2005 it was approximately \$2 billion). During this expansion process, the number was reduced only in 1998 and 2003 because of the Asian economic crisis (see Fig. 1).



- International visitor      Income (million USD)

**Figure 1.** The development of Vietnamese tourism since 1995-2007  
Source: [World Economic Forum](#) (WEF)

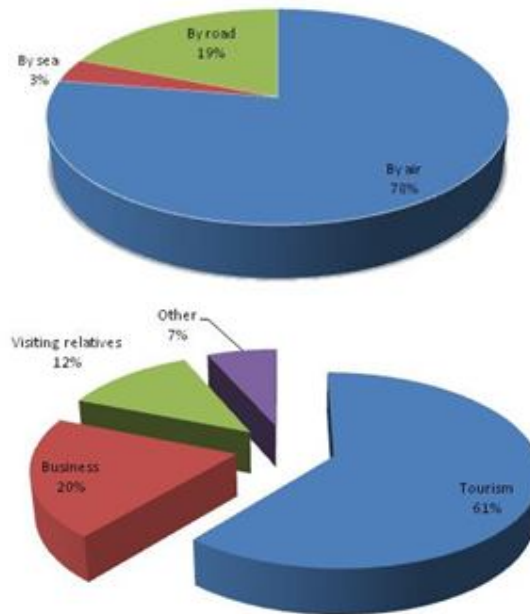


**Figure 2.**The number of visitor to Vietnam period 1993-2008  
 Source: Vietnam Tourism Statistic

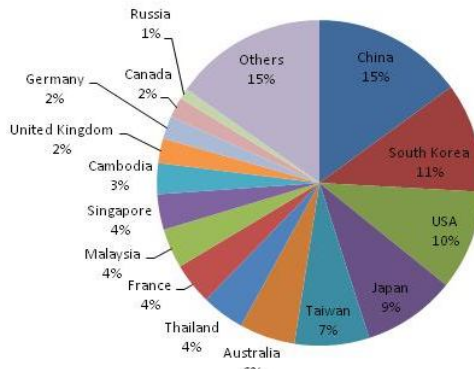
In respect of the transport figures, in 2008 the number of visitors to Vietnam who came by air is estimated at 2, 8 million, up to 13% over the same period of the previous year. Visitor to by sea is estimated at 128 thousand, turn up 20% over the same period, visitors to by road is estimated at 670 thousand; continue to increase stability (18%). Because of a route through Vietnam has been completed with good quality, more international border gates are invested in upgrading the Eastern and West provinces, from effecting to promote caravan tour of tourism city.

To consider about the purpose, visitor to travel is 1.320.000- hold 61% of the total visitor, increase of 8%. Visitor for business is 440.000 hold 20% of the total visitor, increase of 30%. Visitor to other purposes (visit family, treatment.) hold 12% of the total visitor, up to 15% over the same period (2007).

To consider about visitor's market, top ten visitor's market are: USA (up to 11%), Japan (down 7%), Taiwan (up 8%), Korea (up 8%), Australia (up to 8%), China (up 11%), France (up 25%), Singapore (up 31%), Canada (up 12%), and Malaysia (up to 32%).



**Figure 3.**The purpose and transport of visitor  
 Source: Vietnam Tourism Statistic

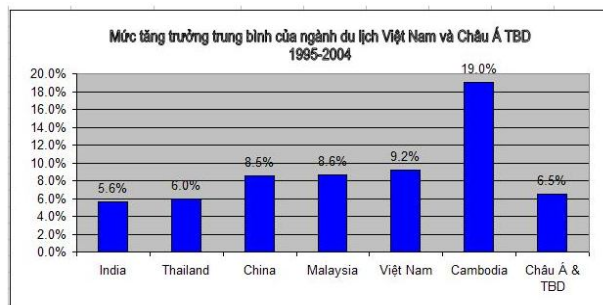


**Figure 4.** Breakdown of visitor's home countries  
Source: Vietnam Tourism Statistic

In the national development strategies for 2010, the Government of Vietnam has identified that tourism had really become a key economic sector in the economic structure of the country. This has given the advocates of the new policies an important legal framework to create favorable conditions for further development and integration of Vietnam's tourism in the world economy. In addition, Vietnam participates in projects and conferences as well as forums dealing with tourism in Vietnam such as those organized by UN\_WTO (1981), PATA (4 / 1989), ASEAN, APEC, ASEM, etc. This shows clearly that Vietnam's tourism is progressing to new heights.

At the end of 2005, 29 provinces in the country attracted 190 direct investment projects from overseas to the areas that cover hotels, resorts, golf courses and tourist enterprises, with a total registered capital of US\$ 4.64 billion. Ho Chi Minh, Hanoi, Lam Dong, Quang Ninh, Ba Ria-Vung Tau, Khanh Hoa, Binh Thuan provinces are now attracting more investment projects and the largest capital.

The rate of growth in the tourism industry has been high in every decade. Vietnam is now included in the list for "new destination leading period 1995-2004" and at 9.2% has the second fastest annual growth in tourism in Asia and the Pacific (after Cambodia's 19%, see Fig. 4). Ho Chi Minh City (Saigon) has reached number 9 in the list of the most popular destinations in Asia, while Hanoi occupies the number 10 position. [3]



**Figure 5.** The rate of average growth of tourism in Vietnam and Asian Pacific  
Source: WEF (World Economic Forum)



With the advantages of good prices, nature resources, plentiful culture, abundant human resources, and being a new destination, Vietnam is a country to attract international tourists. Viet Nam would attract from 7 to 8 million international tourists and 35 million local visitors each year by 2015 and 11-12 million international and 45-48 million local tourists by 2020. In the plan, the tourism industry expects to reach a turnover of US\$10-11 billion by 2015, \$18-19 billion by 2020, and about \$38 billion by 2030.

To reach these goals, VNAT (Vietnam National Administration of Tourism) Chairman Nguyen Van Tuan emphasized the importance of building up and enhancing a trademark for the country's hospitality sector, focusing on promotion activities, improving the capacities of the sector's personnel resources as well as further diversifying tourism products.

## **3.2. Background of Vietnamese hotel**

### **3.2.1. Hotel**

#### **a. Definition**

**Hotel** is a building where travelers can pay for lodging, meals, and other services, such as a restaurant, swimming pool or childcare. 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 private bathroom facilities.

To satisfy the need about staying, there are many forms with different name: hotel, motel, tourist, camp, and villa...Each name suite with different forms of business.

**Hotel business** is business services such as lodging, meals and other services of the hotel in order to satisfy the demand for temporary stay of the guests with the aim to get revenue.

#### **b. Situation of Vietnamese hotel industry**

When Vietnam carried out open economic policy, the number of tourists has boomed, so hotels and motels system did not previously reach the standard to welcome foreign visitors.

In 1995, the tourism industry welcomed 1.3 million foreigners and 5.5 million domestic tourists. But the tourism industry had only 42,388 hotel's room, including 22,287 qualified hotel's room to welcome foreign tourists and more than 12,735 guest house's room of ministries and localities have the ability to welcome domestic and foreign guests.

Vietnam currently has 9000 hotels and resorts with different large and small size.

<b>Number</b>	<b>Hotels and resorts</b>
25	5 star hotel
64	4 star hotel
135	3 star hotel
The rest	1 or 2 star hotel

**Table 1.** The number of hotels and resorts in Vietnam Source: author

The number of rooms at present is too low compared to growth of tourism. We hope the number will rise higher in near future.

The quickly growth in development of hotel business is proud of Vietnam, it contributed to the success of tourism industry by attracting 1.7 million visitors and gained 840 billion VND to budget in 1997. However, the development of tourism in general and business hotel in particular had been heavily influenced by the economic crisis in the region. In 1998, tourism welcomed only 1.52 million foreign tourists, 9.6 million domestic tourists and contributed to the state budget 580 billion VND. The number of tourists decreased makes the capacity use of the hotel's rooms significantly decreased. But thanks to the coordination of the implementation and successfully organized national action plan on tourism, a decrease in visitor had stopped and there was a sign of recovery growth is more traditional market tourist market as France, Japan, and Taiwan. Absolute number and the growth of tourists in 1999 and 2000 increased continuously, next year is higher than last year.

According to the survey information which was recently published by the auditing company Grant Thornton, the hotel business sector brings the hugest profits. In third quarter in 2008, average room price in five star hotels of Hanoi to nearly 160USD/night, up 34% over the same period last year. In the past few months, the percentage of average seat occupied by five star hotel has high remained as 75%, while average room price was 125USD/night. The demand for hotels is very high, but there was not new hotel which completed between 2005 and 2007. In 2020, Hanoi will need 35000 hotel rooms with all the class, including 15000 hotel room five stars. While in reality, now in Hanoi have fewer than 5,000 new hotel rooms this category.

The total sales of tourism in the first 9 months of 2008 is estimated 21,600 billion VND, up 40% over the same period in 2007, reaching 75% of plans in 2008. The hotel and restaurant is estimated at 17,550 billion VND, up 30% over the same period. The result survey which based on the annual financial report in 2005-2006 of 29 hotels, the rate of gross revenue on sales for this service sector is quite attractive. Example, the rate of gross revenue on sales is nearly 40% in five star hotel, while in four star hotel still 21, 1%. Hotel revenue is given by 61-63% from room service. Almost these five star hotels are for foreign tourist.

Kind of hotel	Net profit
More than 150 room	Nearly 50%
From 75- 150 room	Nearly 14%
Less than 75 room	Up 21%

**Table 2.**Net profit of hotels Source: author

With increasing the number of visitor, hotels always attain the average rate capacity of room from 62- 63%. The rate room's capacity average yearly in five star is 73, 1%; in four star is 54, 4% and three star is only 64, 8%. The Northern region has the highest rate of use of rooms on 74% while the South reach 59-62% and the Central is 52-58%. Since the financial crisis in Asia, the investment in hotels in Asia in general and Vietnam in particular decreased significantly, leading to severe shortage of rooms in Ho Chi Minh City and Hanoi, while demand for international tourists rise. The severe shortage of rooms in Vietnam occurred in 2006 when Vietnam held APEC Summit. For this reason, many corporations and investment managers are interested in international travel market, hotels, the resort and spa 5 Stars, such as Kingdom Hotels, Banyan Tree, Colomy Resorts and Intercontinental. Rate of commitment to invest in real estate are increasing in the total foreign investment in Vietnam. Besides, many local governments are encouraging investors to build the large hotels with the standard four or five stars, such as Ho Chi Minh City has taken the land area in the province to offer investors. Many hotel projects with high standards are being implemented in Ho Chi Minh City, especially the central region; in addition, the expansion and upgrading of existing hotels are also investors promote to implement. However, to attract more investment projects for tourism – hotels, improving the infrastructure and quality of life should be particularly interested in more.

Year	Visitors arrivals		Number of rooms		Occupancy rates	
	Number	Change %	Number	Change %	Number	Change %
1986	54,000	0.00	13,000	0.00	40	0.00
1987	73000	35.00	15,000	15.40	45	12.50
1988	110,000	51.00	17,500	16.67	57	26.67
1989	188,000	71.00	19,000	8.60	65	14.04
1990	250,000	33.00	23,000	21.05	70	7.69
1991	300,000	20.00	26,000	13.04	70	0.00
1992	440,000	47.00	32,000	23.08	80	14.00
1993	670,000	52.00	36,000	12.50	90	12.50
1994	1,050,000	57.00	42,000	17.00	85	-5.60
1995	1,350,000	29.00	50,000	19.00	50	-41.20
1996	1,600,000	18.50	58,000	16.00	40	-20.00

**Table 3.**Tourist arrivals and hotel development in Viet Nam 1986-1996  
Source: VNAT (Vietnam National Administration of Tourism)

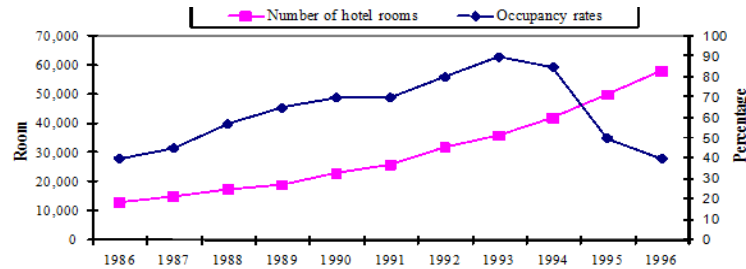


Figure 6. Growth of hotel rooms and occupancy rates in Vietnam 1986-1996  
Source: VNAT (Vietnam National Administration of Tourism)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Hotel and Restaurant	4453	2975	3847	4230	5549	6628	8613	10899	11805

Figure 7. Capital investment in the real price  
Source: VNAT (Vietnam National Administration of Tourism)

### c. Technical facilities of the hotel.

In market economies, with healthy competition of economic agents which creates a strong pressure from investors as well as the overall management system of the economic sectors in general and in hotels in particular. This pressure stimulated them always to improve our equipment to satisfy the increasing demand of people. However, in these hotels (except for state and joint ventures hotels) still exist many facilities are weak, poor, have not yet beautiful architectural design. This made for domestic and foreign visitors evaluated not good about technical facilities in hotels. Specially, facilities in the hotel still has not a uniform; besides the modernization equipment have some equipments are not qualified; this made customers feel all technical facilities is not high quality. However, these state and joint ventures hotels are more prestigious, the rate room's capacity is higher than these hotels belong to other economic sectors.

In summary, through this assessment, can be said that technical facilities of most hotel in the country are still poor, have not yet beautiful architectural design. Thus, these hotels should focus on upgrading and repairing rooms; have plant to renovate and renew equipment annually.

### 3.2.2. Classification

Classification can be defined as the assignment of hotels to a categorical rating. It depends on property, facilities and amenities which provide for customer. This is the review of most traditional system.

Defining exactly the components and conditions for ratings hotel was set up with more than a hundred hotel classification system in the world, which is operated by the government or representative agency. The national system of hotel classification is very

different on both aspects and designation methods (such as letter, number, star, crown and other symbols). It is obligatory or voluntary.

Since 1962, World Tourism Organization - WTO has built a system to rate hotels, which are recognized in the world. Similar proposals have been reviewed by the International Hotel Association- IHA. Confederation of National Hotel and Restaurant Associations, HOTREC of the European Union has developed a system (non-obligatory) use the symbol represents for facilities without classification. In 1995, over the world with more than one hundred classification system is used, mostly based on the model of the WTO, but it is customized to suit local conditions.

There are many classifications, most commonly classified according to:

**a. Star \*:**

- From one-five stars.

**b. Service:**

- World Class services,
- Mid- Range service
- Economy service

**c. Size:**

- Less than one hundred fifty room
- From one hundred fifty to two hundred ninety nine room
- From three hundred to six hundred room
- More than six hundred room

**d. Ownership hotel:**

- Independent hotel
- State hotel
- Joint ventures hotel
- Incorporated hotel
- Hotel with 100% foreign capital

**e. Local:**

- Center
- Suburb
- Airport
- Freeway

### **3.2.3. Hotel rating standard**

**a. For countries over the world:**

Due to different traditions, habits and characteristics in the hotel business, there should not have the consensus in making standards. In most countries are based on four criteria as follows:

- Architecture requirement.
- Facilities requirement in the hotel.
- Staff requirement in the hotel.

- Services and product for guest in the hotel.

**b.For Vietnam:**

Rating the hotel according to star (from one to five star) or to rank. However, some hotels have not been ranked star.

Vietnam National Administration of Tourism ranked the hotel based on the following criteria:

- Location, architecture.
- Facilities requirement in the hotel.
- Services and services level in the hotel.
- Staff requirement in the hotel
- Hygiene and safety requirement in the hotel.

The purpose of ranking the hotel:

- 1.Easily to choose place for staying according to ability of customer.
- 2.Help the government to tax.

**3.2.4. Arranging areas and facilities equipment system in the hotel**

**3.2.4.1. Main areas in the hotel**

Served process in the hotel include relative stages, allowing to separate facilities technique which perform different functions to shape function areas and arrange them logically for labor organization as well as moving of customers and bedroom’s quiet requirement.

Facilities techniques system is a complex system; depending on the research purpose, it can be divided into different areas:

- a. For operating area as the hotel: it can be divided into two main areas:
  - The area for guest
  - The area is only for hotel staff to perform operation and management.
- b. From point of view of customer’s present, operating areas in the hotel can be divided into three main areas:
  - Area and equipment: usually located in the basements and ground floor
  - Representative area: includes all public areas for guests: receptions counter, waiting room, souvenir stall, restaurant, and bar... usually located in ground floor and first floor.
  - Room area: usually bedroom for guests, located in higher floor.
- c. To more detail about functional operation, areas in the hotel can be divided as follow:

❖ **Logistics area:**

1. Technological area: includes treat center and contains water; cooling system; transformer station; electric generator group; switchboards; maintenance part.
2. Area of service entrance: place gathered supply goods; door for employees; supply materials part; put bottle, packing and garbage.
3. Storage and kitchen area: includes the warehouse of goods and materials; the storage of food; cold chambers to maintain food; the preparation and cooking area, place for washing dishes.
4. Personal area: includes the storage of goods and materials; dining room; changing clothes room; bathroom; greenroom for staff.
5. Laundry area: includes laundry department; the office of manager; the warehouse of equipment and spare.
6. Office area: includes offices of board of manager; department of management and the professional department.

❖ **Areas for customers to reach:**

1. Principal entrance area: includes receptions counter; waiting room; lobby, public telephone; telex machine; fax; internet...
2. Room area: includes bedrooms for guests; floor-duty rooms
3. Restaurant area: includes Restaurant; Bar; Coffee shop; place for working of waiter.
4. Commercial and service area: includes souvenir stall; shop; Spa.
5. Congress area: includes receptions hall; place holding coats; large meeting room; the office of secretary and interpreter; the warehouse of equipment machine...
6. Other areas: includes parking; tennis court; swimming pool; public health room; toilet...

In reality, because of depending on many different factors and specific characteristic of each hotel, shaping and distributing operation areas of the hotel may have a few changes to suit the actual circumstances. However, there is an important principle always to be observed: the distribution operating areas in the hotel to ensure the path is relatively short and logical; the maximum labor saving; the focus of the service group and moving relatively isolate between guests and staff.

**3.2.4.2. Technical system**

- Air condition in center
- Air condition in living room
- Plumbing
- Wiring

Basic facilities in a room hotel are a bed, a toilet, a small table, a cupboard. Also in more luxury hotels, there are several rooms with bedroom, living room and additional facilities such as: air condition; telephones; television; internet connection or Wi-Fi, mini bar with drinks, coffee, tea and hot cooking equipment.

### 3.2.5. Organization structure

Organization structure of a hotel can only work well when it is suited with the hotel. Because there is not totally two the same hotel, the structure which is mentioned just general and symbolic purpose.

These departments of a hotel are divided into two groups:

**a. Revenue center** includes:

- Front- Office
- Food and Beverage
- Marketing and Sales
- Other service areas for guest

**b. Cost center** includes:

- Housekeeping
- Accounting
- Engineering and Maintenance
- Security Department
- Personnel Department

1. Room division:

Hold center part which provides service for customers when they stay in the hotel.

- Front- office: check in-out and receptions
- Housekeeping: make hygiene rooms and public areas in the hotel

2. Security Department:

This is necessary and important part because it keeps maximum security for the guest stay in hotel as well as the hotel

3. Food and Beverage:

It provides food and beverage for guests stay in the hotel as well as customers in local. It makes prestige for the hotel to attract visitors to eat and stay.

4. Marketing and Sales Department:

To find market, advertise, introduce, attract visitors arrive to the hotel as much as possible.

5. Accounting Department:

Do the statistical data and books. Summarize the situation of revenue and expenditure, balance of debt, payment of all stages with the customer.

6. Engineering and Maintenance Department:

It has responsibility:



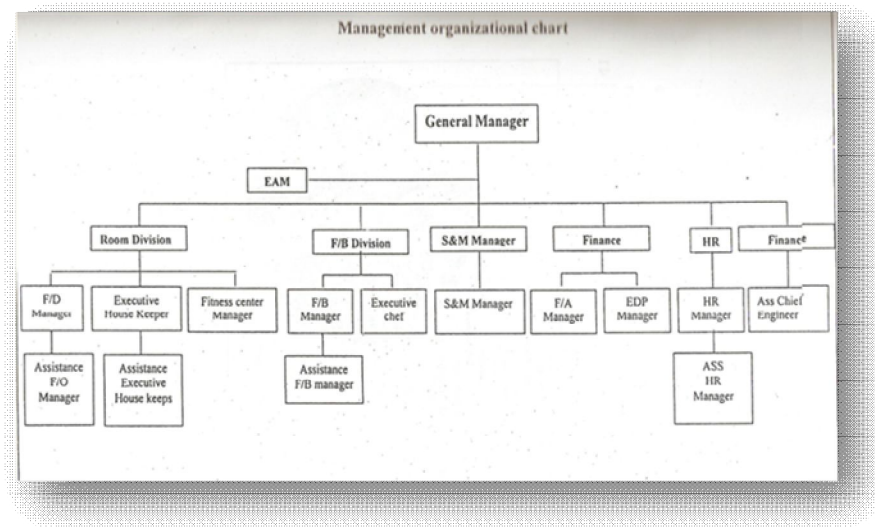
- Regularly maintenance
- Repair technical equipment, wiring, plumbing, painting, take care flower garden, and cleaning.

7. Miscellaneous Department:

It usually depends on resorts; it provides recreational facilities to customers, such as: golf court, casino, children center...

8. Human Resource Department:

- To recruit personnel
- Technical training
- Report and prepare human resource
- Undertake personal file



**Figure 8.**Management organization chart  
Source: Management hotel and restaurant [4]

**3.2.6. Significance of business hotel**

**a. Economic:**

- As one of the main activities of the tourism industry and do important tasks for tourism industry.
- Business hotel also make increase the GDP of the region and the whole country
- Business hotel development contributes to enhancing investment in domestic as well as abroad, and mobilizes free (idle) capital in population.
- Hotels are the large customer of many different sectors in the economy.
- Hotel business also solves job for a large number of employee in country.

**b. Society:**

- Through satisfying the rest during travelling of people, hotel business contributes to preserve and restore the capacity working and power production for everybody.

- Hotel business also increases the need to study historical and cultural monument of the country and contributes to educate patriotism and national pride for young generation.
- Hotel business also creates favorable condition for meeting, exchanging between everybody from everywhere- different countries, different continents over the world. This makes increasing significant for peace and friendship purpose, also great unity among nations of the tourism business in general and the hotel business in particular.
- Hotel business is where witnessed the signing of the important political and economic ducements in the country and the world. So hotel business contributes positively to the development of exchanges between countries and peoples on many different aspects.

### **3.2.7. Marketing activities in the hotel business**

#### **3.2.7.1 Definition**

There are many definitions of marketing. The better definitions are focused upon customer orientation and satisfaction of customer needs.

What is marketing? Many people think of marketing only selling and advertising. However, selling and advertising are only part of a larger “marketing mix”. *Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with other* [5- Kotler].

*Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably* [6-CIM].

*Marketing mix is a set of marketing tools that work together to satisfy customer needs and build customer relationships.* (Kotler). 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.

Marketing strategy is the selection of action related to a specific group of customers (target market), communication methods, distribution channels and price structure. The many possibilities can be collected into four groups of variables knows as the “four Ps”: product, price, place, and promotion.

<p><b>4Ps</b></p> <ul style="list-style-type: none"> <li>➤ Product</li> <li>➤ Price</li> <li>➤ Place</li> <li>➤ Promotion</li> </ul>	<p><b>4Cs</b></p> <ul style="list-style-type: none"> <li>Customer solution</li> <li>Customer cost</li> <li>Convenience</li> <li>Communication</li> </ul>
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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. Place includes company activities that make the product available to target consumers.

Promotion means activities that communicate the merits of the product and persuade target customers to buy it.

Marketing services such as collection process to learn, evaluate and satisfy other requirements. Marketing in the hotel business is marketing services to manipulate in the hotel industry.

“Marketing is the process by which companies determine what products or services may be of interest to customers, and the strategy to use in sales, communications and business development. It is an integrated process through which companies create value for customers and build strong customer relationships in order to capture value from customers in return” [7]

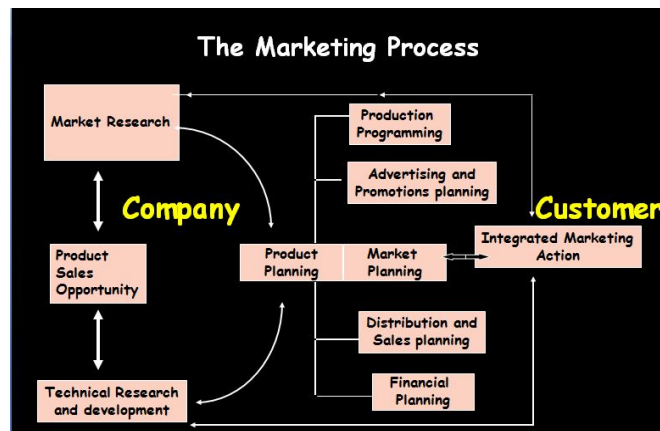


Figure 9. The marketing process Source: Fundamentals of marketing [8]

### 3.2.7.2. Role of the marketing-mix system

Marketing - mix plays a central role for the marketing activities of a business, it does not only specify what should be oriented to customers, but also draw up the plan for all other activities, to exploit the most effective market segment selected. In order for the marketing-mix system to be implemented successfully, the important thing is the quality of products and services which have to be ensuring maximum satisfactory needs of target customers. The current trends in competition increasingly focus more on the service quality than prices. With service business, the service quality problem as well as the improvement quality of service is the first interest of the business. Thus, this is the motivation to promote the formation as well as the development of products with increasingly quality, gain the sympathy of many customers.

### 3.2.7.3. Marketing strategy in the hotel industry

In the hotel trade, business strategy is the most important part of the overall strategy of the enterprise. When planning business strategy, hotel enterprises need to apply Marketing. In fact, the current situation in the Vietnamese hotel industry is such that hotel businesses still confuse marketing with sales. It should be emphasized that in

marketing the customer need is very important, but in selling the need of the producers is more important. The important thing is that if the hotel wants to be profitable it must recognize the needs of customers. Thus, if the business wants to be more effective, in our case the hotels have to select target markets and define market products. After this is done they must identify the product, price, distribution and promotion exactly to fit in with the selected target market.

*a. The hotel is a service business so that they provide the full features of the service:*

- **Intangible**

Hotels business is oriented to the service. Thus, the products and services are intangible in a sense that the physical product services cannot be seen, tasted, smelt, felt or heard before they are actually purchased. This uncertainty should be reduced because the unknown or as yet invisible buyers will look for the signs or evidence of the quality of service offered by the hotel. The prospective customers will check in advance on the quality of the service through its location, prices, people, equipment, symbols, etc, which they can see or hear. They will check brochures and advertisements, and they will ask other people if they have experience with a particular hotel – before they make their decision. Hotels avoid being too hyped up about their products so that the customers do not feel misled when they eventually use a poor quality product.

- **Inseparable**

To almost services in the hotel and restaurant, both service provider and customer are inseparable. Both suppliers and customers are as part of the product. Both suppliers and customers affect the results of the service.

- **Heterogeneous**

This means that the customer has the decision-making power to create demand for products and services. So, if there are customers, the products and services can be created. For example, two customers might live in the same hotel, same class rooms, and with the same service standard, but they will have different evaluations of the service. It totally depends on the experience and psychology of tourists.

- **Not preserved**

Services are not in stock, i.e. they cannot be stored or, in other words, they cannot be preserved for future. Thus, if a hotel room is not used today, it cannot resell its today's services tomorrow and, therefore; its service will be lost. Similarly, the time of staff, which is not used during the "wasted" days (i.e. when rooms are empty) cannot be stored and used at peak-time. On the other hand, when the numbers of guests are stable the need for services is also stable and the hotel can prepare and plan everything in advance.

- **Variety of distribution channels**

Tourist hotel industry has a specific system in the intermediary agency, including travel agents and travel companies which offer the same package holiday programs. They have an impact on what customers will buy. Customers look at them as experts and

listen carefully to find out the details about the hotel. They might be encouraged by their example.

- **Copied or imitated services**

Most services travel and hotel are easily copied, that is imitated, such as food recipes, room service, or new products and services and so on. This is because they cannot stop the customers from going to their competitors where the services are better.

*b. Marketing-mix in the hotel industry*

- ❖ **Product strategy**

There are three types or sizes of products that have to be determined by the hotel. They are the width, length and depth. The width means the variety of products, the length signifies the level of diversification of products and service, and the depth is the assortment of the product mix, which refers to the number of product items offered. Therefore, the hotel must determine these three sizes of their products before they decide to hit the market with them. Furthermore, each type of products and services includes many different categories.

In Hanoi, because of the limited capital and experience, a small hotel (mini hotel) often selects a product strategy which leans towards specialization; this means that they focus on a certain product only. Thus, when the business environment changes they face many risks. In large hotels, especially the joint venture hotels, they are applying a synthetic strategy style. They often have a diversity of products and services, which is very high; particularly the service system. So that in Hanoi today, hotels from the three-star level up, they have had more efficient business. A more important content of the product strategy is a research product. Developing new products becomes more and more an indispensable objective of the business. It has been shown that many hotels due to their adoption of an effective strategy they have been able to expand on the market and overcome the stagnation in manufacturing business and thus win against the competition

- ❖ **Price strategy**

Price is a tool of Marketing – mix which the company uses to achieve their marketing goals. A policy of reasonable prices should be based on the analysis of the product, the market, the competition, the location of the hotel in the market, target market, target costs and profits of the enterprise. The cost of business has two forms: fixed costs and variable costs. Fixed costs do not change whatever the production levels. Variable costs change proportionally to the level of production. Enterprises need to know the price and quality of the products of competitors. The price strategy can be divided as follows:

- Lowing price strategy
- Price strategy by market evaluation
- High price strategy

Hotel business should have a policy of different prices for different objects. For example: off- season, rate for special people, corporate rate, group rate and so on.

#### ❖ Distribution strategy

Distribution strategy of the business means supplying products and services to customers on their target market, it includes the combination of network, sales products and services channel. Hotels usually organize distribution systems through various departments: the tour package products, through the sales team directly, booking system remotely through the Internet, the general agents and the responsible departments for the travel service companies, agencies. In the hotel business, the distribution channels are divided into two types:

- Distribution directly: Producers → Consumers
- Distribution indirectly: Producers → Intermediary → Consumers

Additionally, businesses can also sell their products through catalogues, mail, phone, fax, the internet.

#### ❖ Promotion strategy

The hotel business usually uses three tools: direct sales, public relations, then advertising and promotion. But the promotion selection tool depends on: the life cycle of products, customer behaviour, competition, budget, and geographical location of the customers.

To plan for the promotion four steps are required:

- Identify the target market.
- Setup the relations communications.
- Approval and selection of the plans for promotion.
- Set the promotion period.

Advertising strategy plays a very important role. It is expressed during the existence of the enterprise to the deeply engraved image of the enterprise in the mind of the customers, giving customers a habit to always remember the product and service of the particular hotel.

Besides the four strategic components (4P traditional) as described above, it is important to consider the more specific and detailed factors such as: People, Packing, Programming and Partnership.

## **4. Case study- ASEAN international hotel**

### **4.1. General**

Hotel Name: ASEAN International Hotel  
Address: No.8 Chua Boc Stress, Dong Da Dist, Hanoi, Vietnam  
Tel: (84-4) 3852 9108

In 1995 the hotel was officially inaugurated and put into operation with a total area of 2.200m<sup>2</sup> and the capital of VND 20 billion. In the early period of its operation Hanoi

had few large hotels so that the ASEAN International Hotel quickly dominated the market and the customers' trust. It can be said that the period 1996-1997 was the "golden age" of the hotel. However, after the hotel had difficulties, on 1<sup>st</sup> January, 2000 the ASEAN International incorporated company gave up the management of the hotel to the Army joint-stock Bank. This hotel was ranking a four star standard in 2004.

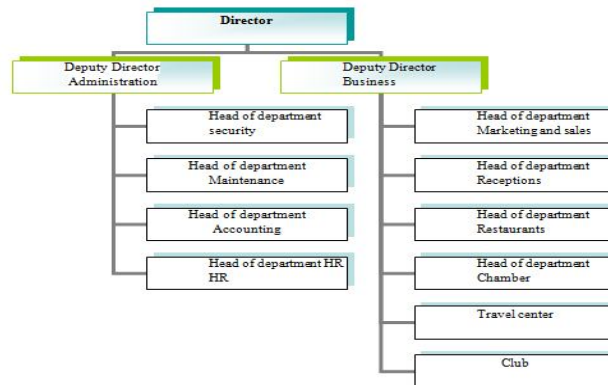
The hotel is located in the heart of expanding business district of the capital, this is a center of political economy, society of the country so business hotel has favorable conditions to attract visitors. The hotel is within of Giang Vo Exhibition Center, Diplomatic Compound and quick drive away from Noi Bai Industrial Park, Metro Whole Sales Supermarket. Recognized as the friendliest hotel in town because of its personalized service and attention to the details, ASEAN International Hotel has been training its staffs to be efficient and confident in professional manner.

#### 4.1.1 Framework of organization

ASEAN international hotel apply functional online organization model. The Director has all right decision and takes responsibility for all the business operation of the hotel. Besides, the hotel has two deputy directors: Deputy Director Administration and Deputy Director Business. Two deputy directors regularly report to the director about the operation of the hotel. Each department works under the direction of two deputy directors and also has team leader to ensure own work well done.

Deputy Director Administration manages departments: Security, Maintenance, Accounting and HR.

Deputy Director Business manages departments: Marketing and sales, Receptions, Restaurant, Chamber, Travel center and Club.



**Figure 10.** Framework of organization of the ASEAN International Hotel  
Source: author

#### 4.1.2. Room

The hotel has 66 guest rooms with luxurious marble bathrooms. Facilities include IDD telephone, air-conditioning, cable television and in-house movies, mini bar, safe and 24-

hour room service. Superior rooms have twin bedding, Deluxe rooms have bigger beds; Junior Suites have queen beds with a separate living room. Royal Suites have king beds and a balcony. Families are recommended connecting rooms - Royal Suite connected to a Superior room.

ROOM TYPE	ROOM AVAILABLE	PUBLIC RATE (US\$)		DISCOUNTED RATE (US\$)	
		Single	Double/Twin	Single	Double/Twin
Deluxe	60	110	120	70	80
Junior Suite	3	170	180	110	120
Royal Suite	3	190	200	120	130
Extra bed	US\$12				

**Figure 11.**The room price table of the hotel  
Source: ASEAN International Hotel.

#### 4.1.3. Facilities and services

The ASEAN Hotels leisure facilities include a fully equipped gym, sauna, massage, games room and library. Plans are also being made for a bowling alley and tennis and squash courts. As well as a specialty restaurant serving Western Asian and authentic Vietnamese cuisine, the hotel also has a lounge bar and coffee shop in which to dine. The Hotel is ideal for meetings with facilities available for up to 400 guests including an array of audiovisual facilities. The Business Center provides secretarial, facsimile, computer and Internet facilities.

- 2 Guest Elevators
- High Speed Internet Access (ADSL and Wifi)
- 66 Guest rooms & Suites
- Business Center
- A Dong Restaurant
- Hanoi Old Quarter Bar
- Asean Bar
- Conference & Banquet Facilities
- Souvenir Shop
- Parking Lot (Both in-door and out-door)
- Travel Services and Package Tours
- Gym & Fitness Center
- 2 Tennis courts
- Steam, Sauna
- Out-door swimming pool
- Jacuzzi
- 21 Massage rooms



#### 4.1.4. Business result

*a. The welcome guest situation*



The main problem which is interested of any business is customer source. Domestic tourists come to the hotel is almost local customers; they use services such as celebration party, conferences and additional services such as sauna, swimming pool. Profit from domestic tourists is not high and often to seasonal, such as: season wedding, the year-end summation, so this is not the target guests market of hotel. However, the ASEAN International Hotel has attracted many foreign tourists from various countries like, France, Japan, Korea, China, Russia and the ASEAN countries. The international tourists have brought primarily foreign currency revenues for hotels. They often travel for several days and may need to stay more than domestic tourists.

Kind of visitor	Density (%)	Total visitors
China	18,15 %	6.535
France	18,31 %	6.596
Japan	12,67 %	4.562
Korea	8,91 %	3.210
Asian	11,07 %	3.986
Western Europe	2,83 %	1.020
Northern America	3,42 %	1.232
Việt Nam	24,64 %	8.873
<b>Total</b>	<b>100 %</b>	<b>36.014</b>

**Table 4.** Visitors by nationality of the ASEAN Hotel in 2007  
Source: Sales department of the ASEAN hotel

*b. Business result in 2007*

No.	Norm	Unit	Year		Compare 2007/2006	
			2006	2007	±	%
1	Total revenue	VND billion	20.5	24.5	4	19.51
-	Stay revenue	VND billion	7.298	9.2	1.902	26.06
	Density	%	35.6	37.55	1.95	
-	Catering revenue	VND billion	7.79	8.925	1.135	14.57
	Density	%	38	36.43	-1.57	
-	Other service revenue	VND billion	5.412	6.375	0.963	17.79
	Density	%	26.4	26.02	-0.38	
2	Total cost	VND billion	13.965	16.176	2.211	15.83
-	Rate charges	%	68.12	68.83	0.71	
-	Stay cost	VND billion	5.18	6.75	1.57	30.31
	Density	%	37.09	41.73	4.64	
-	Catering cost	VND billion	4.38	4.77	0.39	8.9
	Density	%	31.36	29.49	-1.87	
-	Other service cost	VND billion	4.405	4.656	0.251	5.7
	Density	%	31.55	28.78	2.77	
3	Chamber capacity	%	65	74	9	
4	Total labor	people	130	140	10	7.69
-	Direct employees	people	105	110	5	4.76
	Density	%	80.77	78.57	-2.2	
-	Indirect employees	people	25	30	5	20
	Density	people	19.23	21.43	2.2	
5	Labor productivity average	VND billion/people	0.158	0.175	0.017	10.76
6	Total wage fund	VND billion	2.428	2.992	0.562	27.71
7	Average wage	VND million/month/people	1.26	1.51	0.25	19.84
8	Profit before tax	VND billion	6.535	8.324	1.789	27.38
9	Tax	VND billion	1.94	2.32	0.38	19.59
10	Profit after tax	VND billion	4.595	6.004	1.409	30.66

11	Rate of profit	%	22.41	14.51	2.1	
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**Table 5.** The business result of the ASEAN hotel in 2007  
Source: Sales department of ASEAN hotel

According to the table, we see the business situation of the hotel ASEAN in 2007 compared to 2006 is relatively good, expressed in a number of criteria: total revenue in 2007 compared to 2006 increased 19.51%, equivalent is four billion. Stay revenue increased 1.95% compared to 2006. Catering revenue rise 14.57%, equivalent is 1135 billion but the proportion of this reduction 1.57%. Other services revenue increased 17.79%, equivalent 0.963 billion but the proportion also reduce of 1.38%. Thus, stay is still primarily business field of the hotel. In addition, total cost in 2007 increased 2211 billion, equivalent to 15.38%, rate of cost increase 0.71% compared to 2006. Stay costs up 30.31%, equivalent 1.57 billion, the proportion of the cost increase 4.64%. Catering cost up 8.9%, equivalent 0.39 billion but the proportion reduced 1.78%. Other services cost increased 5.7%, equivalent 0.251 billion, but the density also decreased 2.77%. The stay cost increase because the hotel invested and repaired a number of new facilities which had signs of degradation in order to create comfortable and modern facility, and increasingly attract more customers.

The speed of increasing the revenue was higher than the speed of increasing the costs made the rate of profit increased by 2.1%; this proved the hotel carried out the business strategy effectively. The staff of this hotel has increased in both the numbers and quality. Number of employees increased by ten people and the efficiency has also increased. Expressed in average labor productivity it increased by 0.017 billion VND. The average salary increased by 19.84%, this promotes and encourages employees to work better, and strive for the common benefit of the hotel.

## **4.2. Evaluation of the marketing activities in the ASEAN Hotel**

### **4.2.1. Positive aspects**

As shown in the Table 5, the business results and marketing activities of the hotel over a period of two years from 2006 to 2007, we can see that the marketing strategy of the hotel has been very positive. The hotel has modern facilities as well as a team of young workers who have quick grasp of experience.

#### *❖ The market research:*

The hotel has made appropriate investments in its business and it has brought the most effective results. Additionally, the hotel has grasped the importance of detecting the needs of tourists. From this work, the hotel had the reason to actually make their business strategies specifically tailored in time for each period of the year, i.e. for each season. The hotel takes full advantage and exploits the methods of the market research *in situ*; a method is relatively simple and not very expensive.

#### *❖ Identifying the target market:*

The hotel was known to make the most of advantages such as having a long business relationship with the Army Bank; the architecture of the hotel and its locality and the

staff of the hotel. Thus, the hotel had created for itself a collective target market which was specific. It also determined their market shares for each market. All this created conditions for the hotel that enabled it to provide appropriate products and satisfy the needs of each specific customer.

❖ *Marketing-mix strategy*

➤ *Products:*

The hotel has a policy of diversification of products into the model of the hotel with all the additional services: swimming pool, tennis, and spa to satisfy the wishes and interests of the customers. Besides, the hotel also has a relationship with the service establishments outside the hotel to continuously provide adequate and timely services for customers, and satisfy all their needs.

➤ *Price:*

The prices of products and services are very suitable for each set of tourists. In general, the prices of products and services of the ASEAN Hotel are relatively cheaper than other hotels of the same grade, so this is also a factor for the guests coming to the hotel ASEAN increasingly more.

➤ *Promotion:*

The hotel has introduced and promoted the image of the hotel and the products and services that are provided to the target customers. The hotel has also built a team of collaborators to create a source of guests for the hotel.

➤ *Partnership:*

The hotel has made good relationships with reputable travel companies. The hotel has still maintained traditional relationships while trying to exploit many new relationships to expand their market.

#### **4.2.2. Negative aspects**

Apart from the positive aspects, the ASEAN Hotel still has some negative aspects. This requires all staff of the hotel to try to overcome these deficiencies and they urge them to improve the hotel further.

❖ *The market research:*

The evaluation of the hotel is mainly based on research methods applied in the area, but the methods to survey the practical aspects of their business have been used only a little (possibly this depends on funding). This means that the hotel has not fully understood the real needs of tourists, since it has not satisfied all the needs of visitors. If only based on information obtained through the media, sometimes the information was untrue and the hotel had faced many embarrassing situations.

❖ *Identifying the target market:*

Although the target market segment was understood to be clear, I believe it still has not been really complete. The Japanese is a potential market, because it is one of the three largest sources of tourists to Vietnam (after China and the U.S.) and the hotel could completely serves this market in the best way. Unfortunately, the hotel has not really

had policies to attract them. In addition, the hotel does not refer to many countries in the ASEAN area - an extremely potential market. Because in the future, the governments of the ASEAN countries will have specific policies for the bloc to strengthen the exchange relationships, and promote the development together. Tourism, of course, is one of the major points in which the leaders will put their hopes.

❖ *Marketing-mix strategy*

➤ *Products:*

The products and services of the hotel had a rich diversity but nothing especially different to the products and services offered by their competitors. The product is unique and merely provided service following the requirements of the customer; nothing is really so impressive that the guests would pay attention. Especially in the catering business: the A Dong (Orient) restaurant of this hotel has not created a specific image with the correct name of it. The meals on offer are poor, and have not shown too much of the uniqueness of the East Asian countries. The products of the restaurant only serve a number of tourists who stay in the hotel and they failed to attract visitors from outside the hotel.

➤ *Distribution:*

Selling directly to companies, domestic and foreign travel agents have not done much for the hotel so far. The hotel does not participate in the international reservation systems, nor did it sign a contract with the international booking Website.

➤ *Promotion:*

The image of the hotel building is not unique, so the customers do not pay attention to it. Tools to promote the hotel are not flexible, and do not have an effective depth. The content and form of advertising are still limited. Currently, the hotel only uses some types of advertising: printed advertising, direct mail advertising, the Internet advertising and partnership advertising. However, other types of advertising such as outdoor advertising, advertising through television and radio have not been exploited.

Also, the ASEAN Hotel has another bad point – it is not good in public relations. The hotel has not done much social work to build up a beautiful picture for the public. This type of work brings little immediate effect but it works in the long term. In addition, the hotel has little participation in the tourism trade fair overseas; this is a weakness that hotel is trying to overcome.

➤ *People:*

The hotel has been lack of experienced Marketing staff because this department always changes employees. Marketing departments are actually not creating the guest source for the hotel.

➤ *Marketing budget*

The hotel spent more interest on marketing activities, but it is still little and it is not sufficient for the Marketing activities of a four star hotel on the market as competitive as Hanoi.

### **4.2.3. SWOT analysis**

#### *Strengths:*

The Vietnamese hotels (such as ASEAN Hotel) have good relations with their customers and suppliers. Customers' comments are listened to and reflected immediately to the Director of the hotel. To strengthen relationships with customers, the hotel set out many preferential policies for its customers. Human resources are also considered as an important source of capital born of material wealth for the hotel. The voluntary efforts in the work of the staff contribute significantly to the success of the hotel.

#### *Weaknesses:*

Because of the economic crisis, hotels have to discount rooms and employees. Sometimes there is a lack of rooms when the tourist season is coming. Hotels must pay attention and improve the professional qualifications of their staff. Hotels must attach special importance to marketing strategies.

#### *Opportunities:*

Hotels have good relations with tourist companies and travel firms and some foreign companies, because they are a huge source of visitors for the hotels. ASEAN International hotel has an advantage of its location and especially the quality of its services. This makes sure the hotel has attracted many international guests of various nationalities, such as from Japan, America, France, Australia, South Korea and China, etc.

#### *Threats:*

Hotel industry has great competition. The competitors are the large local hotels because these hotels have good qualities and pose a serious competition to the ASEAN Hotel.

### **4.2.4. Some solutions to improve the efficiency in marketing activities of the hotel industry**

#### **A. Big hotel**

Hotels must organize the marketing work well. In big hotels, marketing is often organized into an independent department; these employees, who are chosen, are professional and are expected to be proficient in languages so they can meet their tasks. The concept of advertising costs for the new customers will be higher than the costs for loyalty customer. Hotels must take interest in "large customers" such as travel companies, but must not forget the "small customers".

Promoting and selling products is an important job. To create a unique product is not easy but these hotels can also do more differently than competitive products by adding small but specific factors, such as for traders put into their rooms the paper or pen or logo hotel; for a family with young children can have a small gift or toy. Everything has the logo of the hotel. Focusing on marketing at the hotel and outside the hotel, which means marketing do not only work well for keeping the guests at the hotel and make customers happy to be able to return to the hotel again but also to expand outside the hotel to search and attract visitors use the services at the hotel. Marketing is not only

meet immediate requirements but also put in a policy and general long-term marketing strategy.

### **B. Small hotel**

With these small and medium hotels, marketing activities should be organized appropriately to bring efficiency and to save both labor and material costs. In small hotel, the advertising propaganda on the mass media often requires huge expenses, which bring little results as expected. The hotel does not established own marketing department, but this work is associated with the receptions department, directly welcome guests part; this just avoid the expensive cost and can bring the good results. Not establishing a marketing department does not mean that marketing activities are not controlled and oriented ideas clearly, every staff in the hotel is the marketing staff not only has brought good results but also reduce costs. Besides contacting with customers and understanding customer psychology, receptionist can help the hotel manager to classify customer, to orient properly on each market and price policies as well as how to serve appropriately. Hotels should appoint employees to directly contact the offices, agencies to introduce guests to their hotel.

#### **4.2.5. Questionnaire**

In the beginning of my research, after the preparation of the data and information about hotel industry and marketing strategy in Vietnam, I continued to prepare questionnaire. I want to know that how is the quality and marketing activities of ASEAN hotel as well as Vietnamese hotel and customer's evaluation between Vietnamese hotel and ASEAN countries.

#### **Process of surveying**

This surveying was conducted from 25<sup>th</sup> January to 20<sup>th</sup> February. I made a questionnaire survey in Vietnamese and the choice of the questionnaire was based on its advantages for everyone. I asked some Vietnamese tourists and foreign tourists, who stays in ASEAN international hotel in Vietnam. I sent questionnaire to my friend by email and she helped me to give some tourists stay in the hotel.

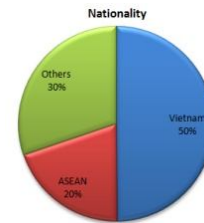
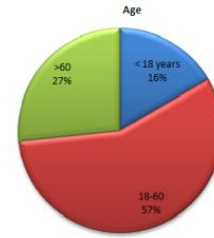
The total number of people I have asked to complete the questionnaire was 30 and every one participate answered my eight questions. With 8 questions I divided into two parts. The first one was aimed at opinion of Vietnamese and foreign tourists about the quality and marketing activities in Vietnamese hotel industry in general as well as ASEAN international hotel in particular, and compare the quality of Vietnamese hotel and ASEAN countries. The second one contains questions about general information on respondents.

#### **The evaluation of the questionnaire**

Respondent's characteristics:

- 30 respondents:    - Male: 17 (56%)

- Female: 13 (44%)
- Age:
  - less than 18 years: 5 (16, 6 %)
  - 18-60 years: 17 (56, 6%)
  - > 60 years: 8 (26, 6%)
- Nationality:
  - Vietnam: 15 (50%)
  - In ASEAN countries: 6 (20%)
  - Other countries: 9 (30.3%)



### 1. Reason for choosing ASEAN international hotel:

- 8 (26.6%) of all respondents: Famous
- 5 (16.6%) of all respondents: Convenient for travel
- 9 (30%) of all respondents: Near center of Capital
- 2 (6.6%) of all respondents: Don't know other hotels
- 6 (20%) of all respondents: The reservation of company

### 2. Customer's evaluation about quality of ASEAN international hotel

Features	Not good		Good		Very good		Excellent	
	Person	%	Person	%	Person	%	Person	%
Accommodation	2	6.7	12	40	15	50	1	3.3
Services	1	3.3	11	36.6	16	53.3	2	6.6
Hotel facilities	0	0	8	26.7	18	60	4	13.3
Employment skills	6	20	15	50	9	30	0	0.0
Price	4	13.3	8	26.7	13	43.3	5	16.7
Marketing activities	5	16.7	11	36.6	14	46.7	0	0.0

### 3. Staying in Vietnamese hotel

- 11 (36.7%) of all respondents: Regularly
- 13 (43.3%) of all respondents: Sometimes
- 6 (20%) of all respondents: Rarely

### 4. Staying in other Asian hotels

- 3 (10%) of all respondents: Regularly
- 6 (20%) of all respondents: Sometimes
- 14 (46.7%) of all respondents: Rarely
- 7 (23.3%) of all respondents: Never

### 5. Compare the quality of hotels in Vietnam with other hotels in ASEAN countries

Features	Not good		Good		Very good		Excellent	
	Person	%	Person	%	Person	%	Person	%
Accommodation	3	10	10	33.3	14	46.7	3	10
Services	2	6.7	11	36.7	15	50	2	6.6
Hotel facilities	1	3.3	10	33.3	14	46.7	5	16.6
Employment skills	6	20	13	43.3	11	36.7	0	0.0
Price	5	16.7	10	33.3	12	40	3	10
Marketing activities	9	30	14	46.7	7	23.3	0	0.0



## **5. Conclusion**

As shown in this Thesis the hotel industry in Vietnam is clearly an essential part of international tourism in this country and it has brought quite large revenue for the tourism industry. Marketing plays an increasingly important role in the tourist business in general and the hotel industry in particular. The people who are working in the tourism area in Vietnam always seek and predict the development trends in the market. This helps enterprises in the tourism industry to make adjustments or changes in order to keep up with the development trends.

When it is involved in marketing, the enterprise must formulate a marketing strategy and marketing-mix tools so that it can plan and carry out the prediction and convert the development trend into reality. Such companies have a strong profit in the long-term.

In line with the trends of the development of Vietnam's tourism industry, the ASEAN International Hotel is continuously striving to improve the service quality and is endeavouring to become one of the first hotel brand names in Vietnam in the near future. It is receiving significant investment from the Vietnamese people and is in a good position to compete with other big-name hotels in Vietnam, the region and around the world.

In order to achieve this, the ASEAN hotel is also improving the coordination between the hotels in the area in terms of training, education and construction of facilities and accommodation and services. It also aims at exchanging experience and professional skills in operation of hotels and attracting many more foreign tourists.

With the Vietnamese hotel industry in general, the mobilization of capital from local and foreign investors is very necessary in improving and developing hotel industry in the future. Foreign investments are regarded as the golden key to economic growth as providing not only the capital, but also advanced technology, techniques, management and access to foreign markets. Because of that, the way to encourage foreigners to directly invest in the key projects in high-grade hotels in each region and tourist area should be considered by the government.

Hanoi is changing rapidly and is moving towards celebrating 1,000 years of Thang Long in 2010, this is going to be a landmark for economic takeoff and capital to which the hotel business will contribute a large portion, these hotels will provide an opportunity to introduce Vietnam to visitors from the region and other countries of the world; this is an opportunity for marketing to demonstrate the necessity and indispensability of the hotel business.

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## 7. Supplements

### Questionnaire in English

1. What's the reason do you choose stay in the ASEAN International hotel?

- Famous
- Convenient for travel
- Near center of Capital
- Don't know other hotels
- The reservation of company

2. Your evaluation on quality of ASEAN international hotel

Features	Not good	Good	Very good	Excellent
Accommodation				
Services				
Hotel facilities				
Employment skills				
Price				
Marketing activities				

3. Do you usually stay in Vietnamese hotels?

- Regularly
- Sometimes
- Rarely

4. Do you usually stay in other ASEAN countries?

- Regularly
- Sometimes
- Rarely
- Never

5. Compare the quality of hotels in Vietnam with other hotels in ASEAN countries

Features	Not good	Good	Very good	Excellent
Accommodation				
Services				
Hotel facilities				
Employment skills				
Price				
Marketing activities				

6. Your age:

- 0-18 years
- 18-60 years
- > 60 years

7. Are you:

- Male
- Female

8. Your nationality:

- Vietnam
- In ASEAN countries
- Other countries

Some pictures of the ASEAN International Hotel



Conference



Waiting room



A-Dong Restaurant



Deluxe room



Junior Suite