

MARKETING THE HOTEL SECTOR IN ECONOMIC CRISIS EVIDENCE FROM MAURITIUS

Perunjodi Naidoo, University of Technology Mauritius

Prabha Ramseook-Munhurrin, University of Technology Mauritius

Ashwin K. Seetaram, Association of Hoteliers and Restaurateurs, Ile Maurice

ABSTRACT

The rapid spread of the economic crisis has affected the number of international tourist arrivals and the hotel industry in many regions of the world with dwindling occupancy rates. Tourists are more likely to be price sensitive and change their buying patterns during periods of economic hardship. The economic crisis affected different regions of the world including the small island developing destination of Mauritius where uncertainty and doubts in the markets caused a decrease in tourist arrivals which resulted in a reduction in occupancy rates for its hotels. This study attempts to investigate the marketing mix strategies of product, price, place and promotion used by the hotel industry in these turbulent times to reduce decreasing occupancy rates. A survey was undertaken among 75 Marketing Managers of the hotel industry in Mauritius. As this is an exploratory study, the survey enabled the researcher to probe into the marketing mix strategies used by hotels during the economic crisis. The information gathered was analyzed using descriptive statistics and recommendations were suggested.

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KEYWORDS: Economic Crisis, Hotel Sector, Marketing Mix, Mauritius, International Tourism

INTRODUCTION

Research investigating the impacts of the global economic crisis on the tourism industry indicated that it would have only regional and sectoral repercussions (Smeral, 2009). However, the economic crisis which started in the second half of 2007 has had a profound impact on the economies and industries of several developed and developing countries. Tourism demand has been most affected by adverse economic conditions (Song and Lin, 2010). A period of economic slowdown can be particularly harmful to the tourism industry and previous studies have shown that an economic crisis negatively affects the number of international tourist arrivals in countries affected by the crisis or causes a decrease when the generating markets are affected by the crisis. An economic downturn brings changes in consumer behavior, increased unemployment and loss of income (Smeral, 2009). A study conducted by Okumus, Altiney and Arasli (2005:102) demonstrated that the economic crisis in Turkey reduced the tourist demand from Turkey which forced hotels in Northern Cyprus to work with fewer people and to postpone their future investment because of higher costs and lower revenue. Consumers are likely to change their buying patterns during economic hardship and stress (Ang, 2001). Prideaux (2000) explains that uncertainty regarding job security and apprehensions to meet future financial obligations may be the primary reasons for reduced tourism activity. Tourists as consumers restrict their financial spending as they become more insecure about their jobs and reduced purchasing power. A study carried out by Shama (1981) has shown that during periods of economic slowdown, consumers bought less and searched for cheaper products. Tourists tend to reduce their holiday expenditure by booking cheaper accommodation, taking fewer visits to restaurants, having shorter stays and visiting nearer destinations (Smeral, 2009). During economic hardship, consumers engage in more price substitution, more deferment of purchase of expensive products, increase in do-it-yourself activities, and greater emphasis on products which offer greater value for money (Ang, 2001).

Mauritius is a small island developing state where tourism is one of the main pillars of its economy. While the history of tourism in Mauritius dates back to some four decades, it is only recently that the Government has put tourism in the forefront to become one of the main industries of the economy to replace the fading textile and sugar sector. Mauritius has achieved a remarkable success in its tourism sector for the last two decades. This achievement can be seen through the increase in international tourist arrivals to 930,456 in 2008 as opposed to 718,861 in 2004 for a population of 1.2 million inhabitants. The year 2008 started well for the Mauritian tourism sector during the first 3 months; however, by the end of the year, the country experienced a decrease in the number of international tourist arrivals and in tourism receipts for the month of November and December (Ministry of Tourism, 2009). According to the Central Statistical Office (CSO, 2009), the number of international tourist arrivals fell by 2.4% and 6% for the month of November and December 2008 as compared to the previous year. Moreover, the first 6 months of 2009 encountered an average fall of 9.3% in international tourist arrivals leading to a decrease of 14% in tourism receipts (CSO, 2009) for the same period in 2008.

The behavior of international tourists has impacted on the hotel sector which has witnessed a fall in its occupancy rates. In its monthly survey, the Association of Hoteliers and Restaurateurs Mauritius (AHRIM) stated that among its hotels, there has been a decrease in the occupancy rate of an average of 10% in the middle of 2008 and about 15% by the end of the same year (AHRIM, 2009). The decline was also evident in the first 6 months of 2009 where the hotels experienced a fall of 11% in room bookings. It was observed that tourists from France and Reunion Island preferred to rent self-catering bungalows which were cheaper than hotels. This shift in purchase behavior has been associated with the economic crisis which has compelled tourists to alter their spending patterns as they preferred to substitute large hotels for smaller self-catering accommodation. Therefore, ways must be examined to increase the hotel occupancy rate as it is a major contributor to the economy of Mauritius. Cizmar and Weber (2000: 238) noted that marketing practices are positively contributing to the business performance especially during the crisis situation and the authors have linked some factors of marketing effectiveness to business performance. However, no studies examined the importance of the marketing mix strategies used by hotels in periods of economic crisis. Hence, it is important to determine the marketing strategies that can be adopted by hotels in order to fend the economic crisis and increase their occupancy rates. Additionally, research investigating the impacts of economic crisis on the tourism industry is scant (De Sausmarez, 2003) and such studies have not been conducted in a small island developing economy. Therefore the purpose of the study is to examine the marketing mix strategies used by hoteliers during the period of economic crisis in the small island of Mauritius. The marketing mix variables that would be examined in the study are that of product, price, place and promotion.

The paper is organised as follows: the introductory section identifies the context and presents the purpose of the study. The next section reviews the relevant literature on the marketing mix variables. The research methodology is then presented followed by the results and discussion. The last part of the study concludes the paper.

LITERATURE REVIEW

Establishing effective marketing mix strategies is critical for Marketing Managers. McCarthy's (1960) 4Ps – product, price, promotion, and place can be regarded as the traditional elements of the marketing. The marketing mix is the set of marketing tools a firm uses to pursue its marketing objectives in the target market (Borden, 1984:3). It should be designed to influence consumer decision-making and lead to profitable exchanges. When an organization markets its products, it needs to create a successful mix of the right product, sold at the right price, distributed in the right place and communicated through suitable promotion tools.

Product is explained as anything that is being offered to a market such as physical goods, services, events, organizations, people, and ideas (Kotler and Armstrong, 2004). As such, tourism products offer a combination of services and goods. In the tourism industry, the fundamental concern is to provide the appropriate bundle of benefits [products and services] to consumers which meet the changing needs and demands of the consumer (Kotler and Armstrong, 2004). According to Ferrell and Hartline (2005), the product is the core variable of the marketing mix strategy in which organizations can offer consumers symbolic and experiential attributes to differentiate from competitors. Product is also associated with quality, design, features, brand name and size (Borden, 1984; Zeithaml and Bitner, 2003). A product has also been viewed as having three levels: the core product, the actual product and the augmented product (Zou and Cavusgil, 2002). The core product consists of main benefits that the consumer is looking for such as accommodation and meals in the case of a hotel. The actual product has the characteristics of quality level, features design and packaging. The augmented product enables the organization to differentiate its service offering by deliver more than the expectations of customers.

Price is the only variable of the marketing mix that generates revenues for a firm, whereas all other elements of the mix are associated with costs (Kotler, Bowen, and Makens, 2006; O'Connor, 2003; Shoemaker, Lewis, and Yesawich, 2006). It is the amount of money charged by the organization in exchange of a product or service or sum of values provided to consumers. Docters, Reopel, Sun and Tanny (2003) state that price is a way of communicating and sending the right message to its customers. Organizations have several market segments with multiple price sensitivities and concerns. Kotler and Armstrong (2004) state that by setting a price, it is important to look at its competitors' pricing strategies. Hospitality firms use various methods to set prices for their offerings. Hospitality managers often select different pricing approaches based on a combination of several factors: a firm's cost structure, competitors' prices, and customer value perceptions of hospitality products (Raab, Mayer, Kim and Shoemaker, 2009). For example, Zeithaml, Bitner, and Gremler (2006) argue that, because price reflects quality for customers, it must be determined very carefully and thus marketers should price their products or services based on customers' perceptions of the value of the offered product or service. They also use several price adjustment strategies, such as volume-based, time of purchase discounting, price bundling or discriminatory pricing (Kotler *et al.*, 2006). Shoemaker *et al.* (2006) suggested that pricing is a powerful force in attracting attention and increasing sales and that it can also have a major influence on customer loyalty.

Place also referred to as distribution channels serves mainly to make services accessible and available to consumers (Woodruffe, 1995). Buhalis (2001) explains that the functions of distribution channels are to provide tourists with information and travel arrangement services. He emphasizes that distribution channels should therefore bundle tourism products together; and also establish mechanisms that enable consumers to make, confirm and pay for reservations. Distribution channels also facilitate the search process for consumers (Wynne, Berthon, Pitt, Ewing and Napoli, 2001). The hospitality industry uses a range of distribution channels to distribute their products and services such as travel agents, tour operators, visitor information centers, sales representatives and the Internet. Several channels may be used in conjunction, catering for differences in consumer needs or product requirements (Reinders and Baker, 1998). The internet is known as the modern distribution channel and Martin (2004) believes that it is expected to bring new opportunities for business development and competitive advantage. According to Richer and Carter (1999) the internet provides hotel organizations with a cost-effective channel without the high distribution costs of conventional media. Additionally, consumers are aware that the cost of web distribution is lower than any other channels, and expect cheapest rates via electronic routes (O'Connor, 2003).

Promotion in the marketing mix is also referred to as communications and is aimed at target groups who need to receive information about the products and services in order to purchase (Woodruffe, 1995). According to Kotler *et al.* (2006) the promotion mix of the hospitality industry consists of several

elements such as personal selling, sales promotion, public relations, direct mail, trade fairs and exhibitions, advertising and sponsorship. Advertising is one of the most commonly used types of promotion. It is a paid, non-personal presentation of offerings (ideas, goods, or services) by an identified sponsor (Herrera, Lopez and Rodriguez, 2002). Advertisements are designed to inform, convince and trigger purchase regarding products and services. Sales promotion is another major aspect of promotional mix. According to Herrera *et al.* (2002), sales promotion involves a number of techniques designed to stimulate purchase of the product over the short-term. Examples include contests, special offers and rebates. Public Relations (PR) are the practices of managing the flow of information between an organization and its publics (Grunig and Hunt, 1984). Common activities include speaking at conferences, winning industry awards, working with the press, and employee communication. PR can be used to build rapport with employees, customers, investors, voters, or the general public (PRSA, 2009). Direct marketing uses direct mail, electronic mail, and telemarketing to stimulate purchase. The product, price, place and promotion strategies should be used together as a combination of strategies to counter the effect of the financial crisis and for industry survival during this period of uncertainty.

METHODOLOGY

A quantitative approach was chosen for the study. A questionnaire was distributed through electronic mail to the Marketing Manager of 75 hotels in Mauritius. The questionnaire consisted of 6 sections. The first section included questions on characteristics of the hotel establishment. Section 2 to Section 5 consisted of statements regarding the Marketing Mix variables of Product, Price, Place and Promotion used by the hotels during the period of economic crisis. The respondents provided ratings to these statements based on a Likert scale ranging from (1) strongly disagree, (2) disagree, (3) neither disagree nor agree, (4) agree to (5) strongly agree. Section 6 gave an opportunity to the respondents to provide general comments through open-ended questions.

A pilot study was conducted to identify if the electronic mail was a suitable method to distribute the survey instrument and to determine areas of ambiguity in the questionnaire. The questionnaires were emailed to 3 Marketing Managers, a Destination Promotion Officer and the Chief Executive Officer of the AHRIM where the purpose of the study was explained in the email. Following the pilot study, the questionnaire was slightly modified. Two product-related statements: gastronomy and business statements were added as possible features of product strategy. Participants in the pilot study stated that Marketing Managers may be unwilling to disclose information easily and therefore it was important for the researcher to clearly explain through follow-up phone calls that the information would remain confidential.

Convenience sampling was used to identify the 75 Marketing Managers of the hotel sector in Mauritius. All the 75 hotels of the AHRIM were selected to participate in the survey. It was deemed that the sampling size was highly representative of the total number of 100 hotels in Mauritius. Additionally, the up-to-date email addresses of all sampled Marketing Managers were readily available from the contact list of the AHRIM. The revised questionnaire was attached to an explanatory email and sent to the 75 Marketing Managers. They were informed to return the completed questionnaire by email to the researcher and to contact the latter by the same mode of communication or by phone if they needed further information or clarifications. To ensure higher response rate, follow up telephone calls were made after sending the email and in several cases meetings were also arranged with the Marketing Managers.

RESULTS AND DISCUSSION

The results show that only 57 Marketing Managers responded to the survey resulting in a response rate of 76%. Out of the hotels surveyed, 9% was categorized as 2 stars, 26% as 3 stars and the same amount as 5 stars (Table 1). The majority of the hotels (39%) were categorized as 4 stars. 19.4% of the hotels owned

between 51 and 100 rooms, 24.5% between 101 and 150 rooms. 22.8% of hotels between 151 and 200 and above 200. Out of the respondents 56% of the hotels were owned by local groups, 27% of the hotels were managed individually and 17% were owned by an international group.

Table 1: Characteristics of Hotels

Category	Items	Percentage (%)
Classification	1 Star	0
	2 Stars	9
	3 Stars	26
	4 Stars	39
	5 Stars	26
Number of Rooms	<50	10.5
	51-100	19.4
	101-150	24.5
	151- 200	22.8
	>200	22.8
Ownership of Hotels	Local group	56
	International Group	27
	Managed Individually	27
Main markets for hotels	France	100
	United Kingdom	62
	Reunion Island	51
	South Africa	42
	Italy	41
	Germany	37
	India	27
	Australia	22
	Switzerland	12
	Local	39

Table 1 reflects the characteristics of hotel establishments based on classification, size, ownership and markets targeted.

The results also reveal that France is the main market targeted by all hotels, followed by the United Kingdom, Reunion Island, South Africa, Italy and Germany. Thus, the main markets targeted by hotels are Europeans and the latter have been affected by the economic. As stated by Chen (2009), the occupancy rate of hotels depends on the development and economic conditions in its own location and in the foreign tourist markets. Hence, economic hardship faced by European customers has resulted in lower occupancy rates of these hotels since it is the main tourist generating market.

The following sections measure the perceptions of hotel managers regarding the marketing mix strategies used during the 2008-2009 economic crisis period. Descriptive statistics were used to find the mean, standard deviations and t-value for each marketing mix variable. Cronbach alpha was also calculated for the 4P's and the results revealed that the internal consistencies of the scales are all quite high. All the four marketing mix strategies have a coefficient of above 0.60, that is, 0.723, 0.635, 0.768 and 0.782 which were obtained for product, pricing, place and promotion. The alpha coefficient for the total scale was 0.625. According to Nunnally and Bernstein (1994) reliability coefficients greater than or equal to 0.50 are considered sufficient for further exploration.

Table 2 shows that during the crisis, 56% of hotels surveyed did not alter their product strategy. Out of the 44% who changed their product strategies, it was seen that the hotels used augmented product offerings in order to differentiate from international and local competitors during the economic crisis. 97% of respondents have included free nautical activities or a wider choice of free sports activities for tourists. The findings also revealed that 70% of respondents have either developed or improved their spa and wellness product. 60% of hotels offered gastronomy cuisine as one of their distinctive product offers. 19% of hotels developed or improved their golf facilities. Ecotourism is also offered as a main augmented product for 5% of hotels located on the hillside which is appropriate for the consumption of such activities. 5% of the respondents improved their business activities due to their location in the city centers.

The rest of the hotels (15%) developed value for money accommodation, wedding facilities and experiencing local culture as part of their augmented product.

Table 2: Marketing Mix of Hotels

Strategies	Items	Percentage (%)
Augmented Product	Golf	19
	Spa and Wellness	70
	Nautical activities	97
	Ecotourism	5
	Gastronomy	60
	Business	5
	Others	15
Price of Rooms	Half Board	60
	Full Board	16
	All Inclusive	12
	Bed and breakfast	12
Distribution Channels	Tour operators (TO)	63
	Travel agents (TA)	5
	Hotel Website	15
	Sales representatives	5
	Selling directly to walk-in-clients	12
Promotion	Advertising	27
	Sales promotion	21
	Direct marketing	2
	Public relations	17
	Exhibitions and trade fairs	29
	Sponsorship	4

Table 2 identifies the product, price, distribution channels and promotion strategies used by hotels during the economic crisis

The findings also revealed that 60% of hotel rooms in Mauritius were sold on half-board basis, that is, breakfast and dinner are included in the costs. It has to be noted that regardless of the crisis, most large hotels in Mauritius sell their rooms on half-board basis. 16% of hotels prices were on full-board basis (breakfast, lunch and dinner included). 12% of hotels offered rates on an all-inclusive basis only. This practice has been increasing as hoteliers believed that it highly increases competitive advantage. Consumers during periods of economic crisis tend to purchase services which they perceive as having greater value for money (Ang, 2001) and are less willing to increase their expenses by dining in restaurants (Smeral, 2009). Therefore, product bundling through all-inclusive packages enables the organization to provide the food and beverage services at a special attractive rate to the consumer. The findings also reveal that 12% of hotels which were with less than 100 rooms applied the bed and breakfast pricing concept. This strategy enables the hotel to provide much lower rates to the consumers as compared to half-board or all-inclusive packages. The results regarding distribution channels reveal that 63% of hotels distribute their products via tour operators. 15% of sales are carried out through the hotel website. 12% of tourists are walk in clients. Sales representatives and travel agents represent about 5% of hotel sales respectively. The findings show that Mauritian hotels are mainly distributed through tour operators and this is a practice carried out even during periods not affected by the economic crisis.

Table 3 presents the results of effective product strategies adopted by the hotels in Mauritius during the economic crisis. It is observed that all the t-values were statistically significant at $p < 1\%$. The most effective measure during the crisis period for all types of hotels was to carry out intensive marketing (mean of 4.6), followed by increasing the visibility of the establishment internationally (mean of 4.2). Increasing the visibility of the hotel locally was considered less effective than internationally as it scored a mean of 3.2. Training of the staff to increase the level of service received a mean of 3.9 and the respondents considered this strategy as effective during the period of crisis. The literature has shown that periods of low demand such as a financial crisis provided a good opportunity to carry out internal structural reforms and apply new concepts where resistance to technological and organizational innovations was easier to overcome (Smeral, 2009). Although this has not completely been the case for

the hotel industry in Mauritius, it is seen that management used the opportunity of low demand to improve the level of service by training staff. The upgrading of product packages (mean of 3.2), offering of free nights stays (mean of 3.7) and free leisure activities (mean of 3.3) were considered effective for targeting international tourists. Conversely the less effective product strategy was “complimentary/promotional gifts” (mean of 2.9) as these gifts were given when the client were already in the hotels and thus they were not effective to motivate the client to select the hotel but were rather used to satisfy clients at the hotel and reinforce that they had taken the right decision. This could subsequently motivate customers to select the hotel in future purchase intentions and thus encourage repeat patronage.

Table 3: Effectiveness of Product Strategies Used by the Hotel Sector

Items	Mean	SD	t-value
Training of staff to improve service delivery	3.9	1.05	27.89
Complimentary/Promotional gifts to clients	2.9	1.08	19.93
Upgrading of packages, i.e. half board to Full board or higher room standard	3.2	1.16	20.03
Free nights for long stay	3.7	0.97	28.49
More leisure activities for free	3.3	0.65	37.67
Intensive marketing of the hotel and its products	4.6	0.48	71.86
Increase product visibility locally	3.2	1.26	19.08
Increase visibility internationally	4.2	0.86	36.54
Improve image of the organisation	4.1	0.83	36.64
Improve the quality and variety of the F&B offered	3.6	1.13	23.74

Note: All t-values are significant at $p < 1\%$

Table 3 shows the mean scores of the product-related strategies developed by hotels to reduce falling occupancy rates.

Price was another marketing strategy considered during the economic crisis by hotels. The results reveal that 69% of the respondents adopted price cuts during the crisis. This concurs with Smeral (2009) who argues that tourist prices for foreign stays are expected to get cheaper in 2009 and 2010. However, it is also noticed that for the case of Mauritius, prices for the local market has also been reduced to attract local customers and increase occupancy rates. Times of hardship have urged people to spend less and to opt for more necessary items as opposed to vacations to a long haul destination. Hotels adopted price reduction so as to appeal more attractive to its markets. Massive discounts were given to tour operators by 15% of the hotels whereas added value such as upgrading from half-board to full-board was given by 21% of the respondents. The tour operators requested 7% to reduce their prices. Promotion and last minute offers were undertaken by 28% of the hoteliers so as to reach targeted level of occupancy expected.

Table 4: Effectiveness of Pricing Strategies Used by Hotels

Items	Mean	SD	t-value
Temporary price cut offered at different points in time, i.e. during holidays in markets	3.2	1.17	20.06*
Price systematically change during certain period (e.g. peak season)	3.1	1.44	16.16*
Different price for different market segment	3.7	1.38	18.78*
Low quality product offered at high price to non knowledgeable customers	1.4	0.60	17.71**
New product introduced at low price to attract customers	3.3	1.31	19.09*
Irregular discounts announced through advertisement	3.2	0.96	24.89*
Price related to client's perception of the product	3.3	1.19	20.84*
Product sold in a bundle or package	3.8	1.01	28.61*
Product introduced at high price and then price goes down gradually	2.1	0.86	18.49**
High quality product sold at high price	2.5	1.20	15.50**
Product sold at low price but complementary at very high price.	1.9	0.88	16.26*

* Significant at $p < 1\%$; ** Significant at $p < 5\%$

Table 4 shows the pricing strategies used by hotels to reduce falling occupancy rates

As shown in Table 4, the two most effective strategies for the hoteliers were the selling of rooms in a bundle (mean of 3.8) i.e. the rooms were sold with the air tickets and excursions by tour operators and different prices were charged for different markets (mean of 3.7). Table 4 revealed that all the mean values were statistically significant at $p < 1\%$ and $p < 5\%$. The sales of product in bundles enable the consumer to benefit from several products at a lower price rather than having all the products separately but at a higher price for each of the product. Price bundling is a profitable strategy if consumers differ in their willingness to pay for the separate components of the bundle (Venkatesh and Mahajan, 1993). Selling of rooms in a bundle at lower prices helps the hotel to increase the room occupancy and thus benefiting from the extras that are being consumed by the guests.

Shama (1981: 13) pointed out that in such periods consumers are more price sensitive and there is a need either to reduce the price of the product or to offer more value for the same price. The strategy of charging various prices to various markets was adopted by hotels as the markets less affected by the crisis was charged higher prices than those affected by the crisis. Special discounted prices were also offered to the local markets to increase room occupancy rate to reduce the impacts of perishability of hotel services. Thus, the differential pricing strategies are based on the financial capabilities of each market to purchase the product. No new hotels responded to the survey, thus there was no strategy for new entrants adopted such as price skimming and price signaling. Some respondents found price cuts effective and adopted this strategy which involves reducing prices during certain points in time (mean of 3.2). For example, during holiday periods in the French market, prices were reduced. The variation of the price during the low and the high season was another important strategy for the hoteliers (mean of 3.1). Lower prices were charged for off peak seasons and premium prices during peak seasons. However, strategies involving high priced items such as offering high price to non-knowledgeable customers (mean of 1.4), low priced product with high priced complementary goods (mean of 1.9) were considered not effective by the hotels.

Table 5 shows that emphasis was placed on the distribution channels during the crisis. All of the statements listed in the questionnaire received a minimum mean of 3.2. The most effective as considered by the respondents was providing information through the hotel website. This information includes the features and services offered by the hotels as well as any discounts or promotion undertaken by the establishment. Given its low costs and its potential as a boundless platform for marketing and advertising, the respondents were agreeable that more emphasis should be placed on the internet promoting all the features of the establishment. The hoteliers were agreeable that maximum information should be given to the tourist on websites for online booking (mean of 3.9). However, the use of social websites such as facebook (mean of 3.2) was not considered as effective as using the internet. Selling the product in packages to tour operators (mean of 4.2) and travel agents (mean of 4.3), together with attractions and air tickets at lower price enabled many hoteliers to maintain and strengthen their long-term relationship with these organizations. The findings concur with Imrie and Fyall (2001:63) who state that alliances can assist hotels in developing appropriate strategies and be more competitive. This alliance with the tour operators and travel agents has proven to be fruitful in the period of crisis. Incentives such as discounts given to travel agents (mean of 3.8) and tour operators (mean of 3.7) were considered effective as these incentives motivate the tour operators and travel agents to sell the hotel rooms. Incentives were also given to Sales Representative to increase sales and this strategy was successful as it scored a mean of 3.4. Discounts were given to walk-in clients (mean of 3.4); especially the local clients by the hoteliers (22%) so as to motivate them to either extend their stay or come back to hotels for short week end breaks.

Table 6 shows the results of the promotional strategies adopted by the hotels. During the period of crisis, most of the hoteliers were agreeable that sales promotion was the most effective tool of the promotion mix as it scored a mean of 4.2. As Ang (2001) argues, during such periods, there is more price substitution, and greater emphasis on products which offer greater value for money. PR including exhibitions and fairs scored a mean of 3.8 and was considered as second most effective as it gives the hoteliers a possibility to showcase the product in international fairs where all the tourism stakeholders are

present including the international tour operators and travel agents. However, it is a costly strategy to be present in the international fairs or for eductours to come to visit the hotels in Mauritius which also include the cost of airfares, accommodation, food and beverages and entertainment. Nevertheless, the hoteliers did not reduce their promotion budget drastically and recognized the importance of such promotional techniques in international markets.

Table 5: Effectiveness of Place Strategies Used by the Hotel Sector

Items	Mean	SD	t-value
Tour operators			
o Sell in volume at low price	3.2	1.29	18.37
o Discounts offered to Tour Operators	3.7	0.93	30.19
o Sell in attractive packages	4.2	0.50	62.81
Travel agents			
o Incentives offered to Travel Agents	3.8	0.58	46.76
o Price at discounted rate	3.8	0.64	44.23
o Product sold in packages	4.3	0.60	52.37
Internet			
o Hotel website (giving information)	4.5	0.63	52.48
o Possibilities to book online	3.9	1.00	28.69
o Email facilities	3.6	1.13	23.58
o Use of social network (facebook)	3.2	0.99	23.58
Sales representatives			
o More resources made available	3.5	1.17	21.71
o Incentives to Sales representative	3.4	0.91	26.41
Selling directly to walk-in-clients			
o Discounts	3.4	1.37	18.24

Note: TO = Tourism Organization; All t-values significant at $p < 5\%$. Table 5 reveals the place related strategies categorized as tour operators, travel agents, internet, sales representative and walk-in clients

Advertising (mean of 3.6) was considered as effective by the hoteliers as there was a need to target new markets and to inform them about the offerings of the hotel. The internet has been mostly used for advertisements and increasing the visibility of the hotel and its services. Moreover the sales promotion undertaken had to be advertised both locally for the local market and internationally. Direct marketing (mean of 2.6), and sponsorship (mean of 2.1) were not considered to be very effective to boost up sales in a short term period during the crisis.

Table 6: Promotion Strategies

Items	Mean	SD	t-value
Advertising	3.61	0.93	29.09**
Sales promotion	4.20	0.64	48.73**
Direct mail	2.62	0.91	21.27*
Public relations	2.90	1.11	18.91*
Direct selling	3.36	0.85	27.91*
Exhibitions and trade fairs	3.81	1.02	27.20**
Sponsorship	2.12	0.93	16.02*

* Significant at $p < 1\%$; ** Significant at $p < 5\%$. Table 6 shows the promotion mix strategies used by hotels to reduce falling occupancy rates

CONCLUSIONS

The aim of this study was to determine the marketing mix strategies used by the hotel industry in the economic crisis to increase the hotel occupancy rates. The study has shown that several marketing mix strategies were developed by the hotel industry to fend off the impact of the economic crisis. In terms of product strategies, it has been seen that hotels carry out intensive marketing strategies, especially in

international markets to strengthen the image and positioning of the organization. The least effective strategy was to provide complimentary gifts to clients as it did not directly influence their purchase behavior and did not help to reduce the falling occupancy rate.

The pricing strategies that were most successful for hoteliers were product sold in bundles such as packages sold to travel agents and tour operators. Additionally, discriminatory pricing was also useful since it enabled the hoteliers to offer tailor-made prices to specific markets. The strategy of offering low quality product at high prices was not successful with customers. The internet and tour operators were found to be the most effective distribution channels in times of economic crisis. It was also seen that the other distribution channels such as travel agents, walk-in sales and sales representative had an important role to play in effectively distributing the product to consumers. The most effective promotion strategies were sales promotion, exhibitions and fairs as well as advertising. It is important to note though that although sales promotion was greatly used, hoteliers did not massively reduce the prices of luxury hotels but, on the other hand, offered additional free nights or more leisure activities to maintain the high-end positioning of such establishments. These findings concur with Smeral (2009) who argues that major discounts should be avoided because it will be difficult to restore the original price level in the economic recovery period.

Hoteliers must be cautious in developing tourism marketing strategies in times of economic crisis as its impact can be particularly harmful to a small remote island such as Mauritius which is situated around 12 hours from its major and most affected market which is Europe. As Smeral (2009) notes, in economically difficult times, consumers are more likely to select domestic or closer destinations which are easy to reach and less costly. Traveling to these destinations also offers the possibility of day trip which is not possible when travelling to a small destination like Mauritius. In such period, it is recommended that hoteliers use the marketing mix variables judiciously. It is also suggested that the hotels focus on repeat visitors who are confident about the product that they have already experienced. The limitations of the study must be noted. The findings revealed mostly the opinions of Marketing Managers from large hotels as there was a low response rate from smaller hotels. Future studies should investigate the marketing mix strategies of small hotels. Other studies can also determine whether the classification, size and ownership of hotels influence the strategies adopted by the hoteliers.

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BIOGRAPHY

Perunjodi Naidoo is a lecturer of Tourism at the University of Technology, Mauritius. Her research interests include tourism marketing, sustainable tourism and service quality. She can be contacted at the School of Sustainable Development and Tourism, University of Technology Mauritius, La Tour Koenig, Pointe aux Sables. Email: pnaidoo@umail.utm.ac.mu

Prabha Ramseook-Munhurrin is a lecturer of Services Management at the University of Technology, Mauritius. Her research interests include service quality, customer satisfaction and tourism marketing. She can be contacted at the School of Sustainable Development and Tourism, University of Technology Mauritius, La Tour Koenig, Pointe aux Sables. Email: pmunhurrin@umail.utm.ac.mu

Ashwin Seetaram is the Research Executive of the Association of Hoteliers and Restaurateurs which consist of 74 hotels, 34 restaurants and 5 integrated resort scheme members. He may be contacted at research.ahrim@intnet.mu