

Semester ‘Fall 2011’

“Principles of Marketing (MGT301)”

Assignment No. 02

Marks: 30

Solution File

Avari Hotel Lahore is one of the leading five star hotels serving the customers for last three decades. There are 190 rooms including 15 executive suits in five story building. It also comprised of 5 restaurants, 4 meeting rooms, 3 function halls, and 2 banquet halls. Rooms have been designed by keeping in view requirements of different customers like Lady Avari room (for single lady), E-Rooms (Business travelers), Jacuzzi rooms to provide value added luxury services for high class people who are expecting more values for the price.

Lahore is the largest city of Punjab. It is also the main hub of educational, industrial, financial and recreational activities. It is famous as City of “Gardens and colleges”. Mostly people say it “Heart of Pakistan”. In addition it is the provincial capital of Punjab Government. These all things attract diplomats and Government officials for important meetings.

Due to historical heritage of Badshahi Mosque, the Lahore Fort, the Shalimar Gardens, Emperor Jeanie’s & Empress Noor Jehan’s mausoleums, Museum and Minar e Pakistan, Lahore is the major source of tourist attraction from all around the world.

Head offices of most of organizations are located in Lahore, so top management also prefers Avari Hotel for meetings. Big Industries also schedule their meetings with foreign customers in Avari hotel, so it is the best place for business and corporate customers. Business and corporate customers mostly visit Avari Hotel as compared to other customers.

Rich families also stay in Avari during their Lahore visit or for the purpose of any function. New married couples also consider Avari for stay. These are walk in customers or planned visitors.

Few customers just visit Avari for late night stay. These types of customers visit Lahore for some important work. For example, Lawyers of other cities stay at night and want to join Lahore High Court to present case in early morning. These types of customers are considered late night residential customers.

It is the nature of customers to concentrate on prices with the expectations of high quality. Pearl continental hotel is the big competitors of Avari.

Question # 1 Describe what kind of core product, actual product and augmented product are being offered by Avari Hotel? Also discuss, which factors can better help Avari Hotel in developing a competitive edge than other five star hotels? (Residential purpose only).

Answer:-

Core, actual and augmented products are three levels of products.

Core product is the benefits acquired from the product that make the product valuable to you. Usually it is intangible in nature. For example, in Avari Hotel, core product for which you are looking for is the rest, sleep, comfort etc.

Actual product is the one that you can get something out of it and is tangible in nature. In Avari Hotel, actual product is rooms, meeting boards, function halls, and banquet halls.

Augmented product is value added services for which you may or may not pay prices. In Avari Hotel, augmented product may be TV and internet facility in a room, swimming pool, laundry service, exercise equipment, gymnasium, Library, indoor sports room, Family park, music, and games etc.

Avari Hotel can attain competitive edge by developing following factors.

- It is imperative for Avari hotel to provide its rooms at cheap rates than its competitors so that price conscious customers can get more attraction.
- Avari Hotel needs to provide extreme luxury services to high class individuals and families.
- In order to capture maximum market, Avari hotel needs to open its new branches to facilitate its customers in saving their time.
- Avari Hotel can create historical aesthetics in some of its rooms for the tourists target market. Tourists after visiting to different historical places will feel congruence of tourists places with the rooms which will give them more enjoyment and comfort.
- Avari Hotel should make its rooms more comfortable than other five star hotels.
- It can develop play land for the kids so that kids can also enjoy under the one shelter. It can further create attraction for the families.
- It can give special discounts for both in-house and out side customers on its gym, swimming pools and massage centers. Seasonal discounts will also attract customers.
- It can target another niche like bridal couples, honeymoon celebrators, wedding anniversary celebrators by offering special rooms with different attractive aesthetics relevant to these types of events.
- Avari Hotel should introduce online booking system enabling the guests to book rooms from homes/offices which will save time their.

Question # 2. Should Avari Hotel offers the fixed prices for all type of customers above or any other pricing strategy? Support your answer with logical reasoning.

Answer:-

By consider the tough competition and scenario discussed above, it is recommended that Avari Hotel should offer the **segmented pricing strategy** to its customers.

Logical Reasoning:-

As it is cleared from above case that **Business and corporate customers** frequently visit Avari hotel so

- Discounts and special price for regular customers will create more loyalty
- A corporate rates for corporate customers based on annual stays as well as maximum possible discounts will be an attractive strategy for corporate clients.
- Different prices for bridals and anniversaries celebrations will attract this segment.

Late night customers

By considering the rooms vacancy status, late night discounts will be an important source for its yield management as well as will be beneficial for walk-in late night customers.

Tourists

Normally, tourists are enjoyment conscious than cost conscious, hence Avari can attract them by giving them extra complementary services in the same prices.

Walk in customers

Such type of customers rarely visit hotel for rooms. Avari can charge rack rates from these customers to enhance yield management.

Diplomats and Government officials

These types of customers seek high level of personalized services. These customers are relatively price sensitive because of the limits imposed by their respective departments. Hence, Avari hotel should offer special prices to them.