

**ANSWER BOOKLET**  
**LIVRET DE RÉPONSES**  
**CUADERNILLO DE RESPUESTAS**



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**4 PAGES / PÁGINAS**

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Example  
Ejemplo 27

2	7
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Example  
Ejemplo 3

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- (a) • television advertising  
 • radio advertising

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(b) Perception Map of  
 hotel price vs.  
 service rating

Price

A: Imperial Falls

B: Bellevue

Service

C: Welcome Rest

D: Excalibur

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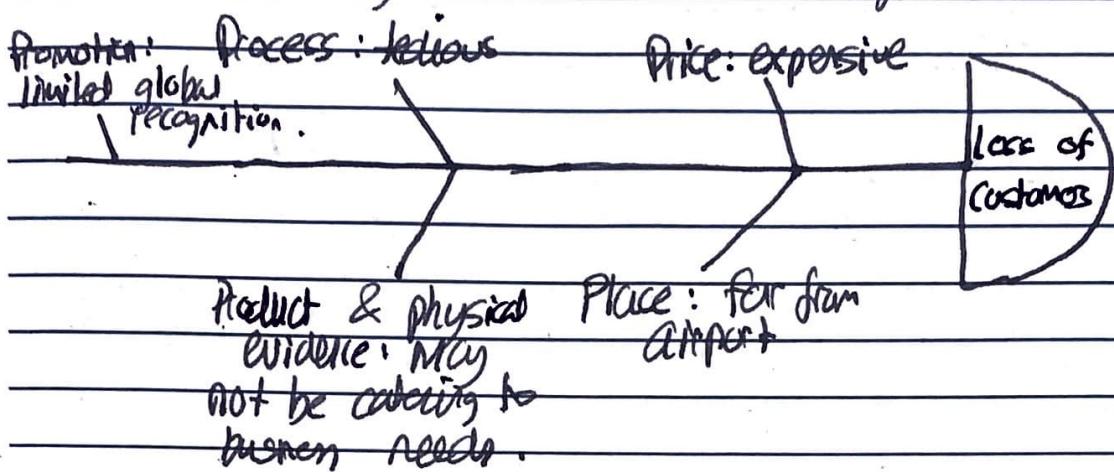
(c) GR is likely to have ~~less~~ ~~less~~ internal selling economies of scale, which would reduce the average cost of production, and subsequently the price of their services. As GR is multinational, these economies, such as marketing economies and pinching economies will be fruitful, compensated to IFs reliance on the lack of scale in their operations.

Furthermore, GRs operational model embraces one ~~is~~, with increased automation and a reduction in muda. Particularly, they attempt to offer a low cost, small room with limited "frills" other than basic essentials for business travellers. This way, their product is cheaper to offer, hence meaning they may gain on there 'savings' to the customer. In contrast, IFs high land costs for the "luxury" views, as well as their elegant expensive' furniture and high-maintenance facilities mean their operational costs (overheads & cogs) are likely to be much higher than GR.



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(d) Imperial Falls is currently feeling a decline in customers due to the innovative, lower cost hotel service provided by Gilbert Rooms. The cause for this loss may be seen on a fishbone diagram.



It might be recognised that if successful, GR's new business model could represent a paradigm shift in the local, and indeed global hotel industry. IF should recognise various potential issues with their current marketing mix highlighted above, primarily price and promotion.

In terms of price, IF could consider attempting to adopt a new pricing strategy: for example lowering prices to attract more financially conscious business travellers. Like GR, this would involve operating a service ~~at~~ with reduced "frills" like the harbour views and elegant furniture. These factors are not well suited to business travellers; a large component of IF's marketing segmented target market. If they



were to reduce their price from their current \$245 premium price, this would make them more competitive on an international scale; important for business travel a likely reason why CR is attracting customers despite their far proximity to the city centre.

However, a lower-price would mean that IF's perception of quality would decline  $\rightarrow$  they currently rely on this reputation to attract loyal customers. A loss in key services like their fancy restaurant or elegant signature would make IF lose their premium USP, making them rely entirely on price and proximity to the city centre to attract customers - they will could likely not compete with CR's economies of scale.

Alternatively, IF could consider utilising new promotional strategies in their promotional mix. To attain a personalised relationship on a globalized scale, social media networking would be a relatively low cost and effective marketing method. Other AIL strategies like tv advertising may be fruitful, but likely too expensive for a small company like IF who needs to attain loyal, overseas business customers, here competing with the marketing economies gained by CR as an MNC. Creating an online social network, therefore, could let IF improve their "reputation" and "word of mouth", while building a loyal customer base, something that





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Example  
Ejemplo

3

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may be ~~unaffordable~~ unaffordable to companies like GRe.

This strategy, however, is unlikely to solve the problem in the short to long term, as businesses ~~are~~ businesses, particularly those in those who are responsible for booking the hotel, are less interested in the luxury "membership" experience than the ~~per~~ costs and global scale of hotel companies they make membership fees with. For these businesses, the process and price are overwhelmingly strong factors, enabling them to incur reduced costs at little to no convenience lost. For this reason, it should be noted that the aforementioned charge in the marketing mix could well be applied to holiday travellers, ~~to~~ another potential market IF should consider giving their prime facilities and city-centre location.

Based on the fact that the aforementioned charge to the promotional mix is unlikely to appeal to the potential customers, it is recommended that IF attempts the reduction in price of their products in order to reduce the decline in customers. Despite the cost to the brand's luxury reputation, this



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was clearly presented as the beneficial option.



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