

## Chapter 1 Role of Marketing

### 1.18

a) Do you think the target market of the Gingko House in Prince Edward is same in Central? Explain your answer.

Ans: The target market is different. The people in Prince Edward are most Asian and in Central are most Foreign. Therefore, Gingko House in Prince Edward provides Chinese dishes, they target Asian. Gingko House in Central provides French and Italian cuisines target foreign

- a
- No. The target market of Gingko House in Prince Edward is different from that of Central. (1 mark)
  - The Central outlet provides Western food and targets white collar workers. (1 mark)
  - The Prince Edward outlet provides Chinese dishes and targets the general public. (1 mark)

b) Explain the satisfaction customers want to obtain from dining at Gingko House

Ans: The Gingko House use organic ingredients to prepare food, the customers want to be healthy when they have meal in Gingko House.

**The satisfaction customers want to obtain is:**

- eating healthy food because organic ingredients are used in Gingko House.
- eating tasty food, either Chinese dishes or Western cuisines, provided by Gingko House.
- enjoying the gathering with their friends or family members.
- the happiness derived from helping retirees and contributing to society when they dine at Gingko House.

c) Conduct a SWOT analysis for Gingko House.

Ans:

**Internal:**

Strength: It can serve customers who want to be more healthy.

Weaknesses: The company have a lot of elderly staff, the work productivity will decrease

**External:**

Opportunity: When the Hong Kong people want to eat more healthy, their sales may increase

Threats: District may open more restaurant which use organic food

**c The SWOT analysis for Gingko House is as follows:**

- **Strengths:** Enthusiastic workers; healthy foods made with organic ingredients; located in prime areas (2 marks)
- **Weakness:** Workers cannot work long hours (2 marks)
- **Opportunities:** Growing popularity of organic foods (2 marks)
- **Threat:** Increasing rents in Hong Kong (2 marks)

di) Between McGregor's Theory X and Theory Y, which one is more appropriate for motivating the elderly staff at Gingko House? Explain.

Ans: Theory Y. Because elderly staff want to prove that they can still work, so give recognition to them can motivate them to work.

d I Theory Y is more appropriate for motivating the elderly staff. (1 mark)

Although the elderly staff at Gingko House may not earn a lot of money due to their short work hours, they are enthusiastic about their jobs.

Also, some of them may have chosen to work even though they are able to enjoy a comfortable retirement life.

These show that the elderly staff do not just work for money, and they perceive work as part of their life. Therefore, Theory Y is more appropriate for motivating the elderly staff than Theory X. (2 marks)

dii) Refer to part ( I ). Suggest one method to motivate the elderly staff at Gingko House.

Ans: Promotion

ii Methods to motivate the elderly staff include:

- Inviting them to participate in decision-making
- Providing them with challenging tasks
- Establishing harmonious interpersonal relationships at the restaurant

(Any one of the above, 2 marks)

- 1.19 a Risks that the Terminal faces during its operation and the corresponding insurance products that it can buy include:**
- **The risk that visitors would be injured or killed inside the Terminal**  
To protect itself against this risk, the Terminal can buy public liability insurance.
  - **The risk that staff at the Terminal might become injured or killed when working**  
To protect itself against this risk, the Terminal can buy employees' compensation insurance.
  - **The risk that staff at the Terminal might commit fraud and steal money from the company**  
To protect itself against this risk, the Terminal can buy fidelity guarantee insurance.
- b The SWOT analysis of the Terminal's external and internal conditions is as follows:**
- **External conditions:**  
**Opportunity:** Mainland cruise passengers are expected to increase under CEPA; the Terminal can cooperate with terminals in other Asian countries. (Any one, 2 marks)  
**Threats:** The Terminal faces competition from other new Asian terminals such as Busan in Korea and those in Tianjin and Shanghai. (2 marks)
  - **Internal conditions:**  
**Strengths:** The berths can accommodate the largest cruise vessels; the Terminal is conveniently located. (Any one, 2 marks)  
**Weakness:** As the Terminal is relatively new, it may not have yet become popular among cruise lines. (2 marks)
- c The major controlling steps include:**
- Step 1: **Set marketing performance or target standard** (e.g., increase the usage of the Terminal by 50% in two years). (1 mark)
- Step 2: **Measure** the actual usage of the Terminal (1 mark)
- Step 3: **Compare** the actual usage against the Terminal's target standard (1 mark)
- Step 4: **Take corrective actions** if the actual usage is significantly below the target standard. (1 mark)
- d Factors that affect the implementation of these marketing activities include:**
- **Soundness of the marketing plan:** whether the marketing activities stated in the marketing plan are feasible and properly planned.
  - **Availability of the required resources:** whether the company has the required resources (e.g., financial, human and technological) to implement the planned activities.
  - **Leadership skills of the marketing manager:** whether I can direct and motivate employees.
- (Any two of the above, 2 marks for each point)

## 1.20

a) **risk assumption**, it affects neither the loss frequency nor the loss severity. starlight hotel can't afford to buy insurance and employ costly control methods against all risks, so starlight hotel is self-insured firm, they should bear the risk of loss.

**Risk reduction**, it means reducing the risk of loss. Starlight hotel can install an automatic sprinkler system to reduce damage in case of a fire.

**Risk transfer**, it means transferring the risk of loss to another party .For example, starlight hotel can buy insurance to transfer risk from insured to insurance company.

**Three risk management strategies with respect to the operation of a hotel can be:**

**Risk avoidance**: e.g. avoid offering rooms to guests whose identities are suspicious. (check passport)

**Risk prevention/reduction**: e.g protective security system

**Risk assumption**: e.g. accept minor damage like broken glasses in food and beverage outlets, or set aside a reserve fund to cover loss

**Risk transfer**: buying insurance against theft and fire

(b) **Perishability** can lead to the unsatisfactory occupancy rate of Starlight Hotel. For example, the hotel cannot stock up room service to meet season demand.

**Intangibility**, such as poor customer service also can lead to the unsatisfactory occupancy rate of Starlight Hotel.

**Inseparability** can lead to the unsatisfactory occupancy rate of Starlight Hotel, such as lack of proximity to prospective customers.

**The possible causes leading to the unsatisfactory occupancy rate of Starlight hotel:**

**Perishability**: e.g cannot stock up room service to meet seasonal demand

**Intangibility**, e.g poor customer service

**Inseparability**, e.g. lack of proximity to prospective customers

**Heterogeneity**, e.g. quality level of food and accommodation service is not steady as skills and experience of staff members vary

c) **The major elements are marketing mix.**

**Product:** customers who have the membership can enjoy a greater variety of food and beverages

**Price:** customers who have the membership can enjoy a greater discounts in the restaurants and bars.

**Place:** customers can pay a yearly membership fee to get the membership.

**Promotion:** the hotel can promote the membership system in its hotel.

**The major elements of the marketing plan for the membership scheme of Starlight hotel:**

**Situational analysis and marketing objectives**, e.g SWOT analysis, number of members to be recruited

**Selection of target market and positioning**, e.g. high-income customers who frequently dine out

**Setting the marketing mix (4Ps)**, e.g. competitive membership fee, personal selling, members' privileges, online booking

**Implementation and evaluation**, e.g corrective actions to be taken if there is any deviation between the results and the objectives

d) The hotel can offer a greater discounts on hotel services during non-peak periods to facilitate the demand. In addition, it can establish reservation systems for guests to book hotel's rooms. That helps the hotel to regulate the demand and minimize customers' waiting time

**Two other ways to increase sales during off-peak period besides the membership scheme of Starlight hotel:**

**Reduce prices** in off-peak periods to stimulate sales

**Offer value-added services**, e.g. free internet service in the rooms

**Change some of the hotel suites** into service apartments

**Offer promotion package** to local residents during weekends

**Promote other services**, e.g. hire of venue for business conferences or exhibitions, food festivals