

## Improvement Strategy According to the Change of Hotel Environment

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### Abstract

*This study is to develop a strategy to prepare an improvement strategy according to the environmental change of the hotel. Currently, domestic hotels are implementing marketing through food and beverage as a countermeasure against the sales decrease, and in order to develop effective marketing plan, 5 Force Model environmental analysis and STP analysis are analyzed. 5 Force Model Environmental Analysis showed that domestic hotels are facing various difficulties such as the expansion of accommodation sharing system, the decrease of Chinese tourists due to the THAAD problem, the increase of hotels, the introduction of PMS, the increase of minimum wage, the introduction of 52 hours work week, and the increase in product preference. As an STP response strategy to correspond these difficulties, it is necessary to develop products for the main customers of the hotel food and beverage, such as those in the 20s-30s, the workers, smartphones and SNS users. And also hotels should seek ways to lower price of the product to the level desired by the user to compete against substitutes. In conclusion we suggest that hotels are committed to fulfilling their role by meeting guest safety and COVID-19 compliance requirements, but a focus on immediate cleanliness and quarantine against infectious diseases, like Airbnb, will enable greater growth.*

**Keywords:** F&B Event, Hotel Marketing, 5Force Model, Environmental Analysis, STP Strategy Development

## 1. RESEARCH OUTLINE

Hotel events are intended to develop and expand potential demand. A hotel event is an activity that raises a brand's value by inducing a customer's desire.[1] Hotel food and beverage events are marketing means to pursue profit, which is the company's biggest goal through direct participation of customers.[2] The purpose of this study is in response to recent hotel increases and market changes. How hotels use food and beverage events, and investigate how an event affects business creation and customer satisfaction, find food and beverage marketing analysis methods and marketing strategies.

## 2. THEORETICAL CONSIDERATIONS

### 2.1 Preliminary research

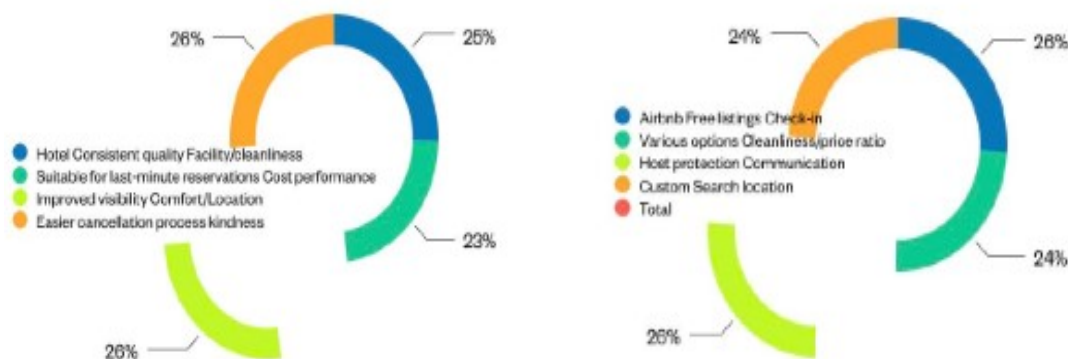
According to Song Seong-Jin. (2008), Hotel food and beverage events mean various events such as food, beverage, season, anniversary, country(region), food, health, sports event, other food and beverage events. It is an effective means to increase hotel sales to promote positive publicity to overcome hotel off-season to

expand customer relations to form hotel image to develop popular culture disseminate.[3]

According to Kim Choong-ho and Kim Mi-ju (2017), The main purpose of planning food and beverage events is short term sales promotion but The long-term strategy is the image of the hotel and the word of mouth effect, which leads to sustainable growth. Therefore, Customers should be provided various events through food and beverage and New concepts are needed to make the food and beverage event itself a trademark. In the meantime, the hotel food and beverage business has been recognized as an auxiliary means of operating rooms but the importance of food and beverage has increased due to the expansion of hotel size and awareness, and this awareness can induce customers regardless of accommodation.[4]

## 2.2 Marketing Strategy

Marketing research and analysis methods are divided into macroeconomic analysis and microeconomic analysis, which analyze the market trend, marketability, and growth potential. Macro environmental analysis is PEST analysis and micro environmental analysis is divided into 3C analysis, SWOT analysis and Five Forces Model. In this study, the marketing environment of a hotel is analyzed using the Five Forces Model as shown in Table 5. The Five Forces Model is one of the competitive power models. In the process of analyzing the industrial environment, we decided to determine the company's fate with five powers. First, Rivalry among the existing competitors thinks our company is stronger than other companies. Second, the entry of competitors thinks how difficult it is for competitors to enter the existing market. Threat of substitutes considers the degree to which existing products or services can be replaced by alternatives. Fourth, (Bargaining power of buyers) thinks about how much the buyer is ready. Fifth, the bargaining power of suppliers considers the presence of potential suppliers and monopolies.[5, 6] As a marketing strategy, We use marketing mix(4P) to satisfy customers, STP strategy to analyze customer needs, DB marketing, CRM marketing, and marketing strategy through SNS. In this study, STP(Segmentation, Targeting, positioning) strategy will be established.[7, 8]



**Figure 1. Modeling Strategy**

Airbnb offers some of the benefits of free accommodation, plenty of options, host protection, personalized search, and more. Hotels maintains the benefits of consistent quality, good for last-minute bookings, improved visibility, easier cancellation procedures, and so on. The rapid change in the hotel industry lies in the sharing and 4th industry for future strategies. The rise of the platform industry is inevitable for the restructuring of the hotel industry. The events must be changed accordingly. These two modeling are difference between hotels and Airbnb. The both are subtle, but it means qualitative content and detailed changes as Figure 1.

### 3. F&B EVENT

#### 3.1 Hotel F&B Event Strategy

Currently, hotel sales are mostly in the cabin and food and beverage sectors. According to the National Statistical Office (KNSO), the average food and beverage sales in 2008 declined from about KRW 3 billion to KRW 2.2 billion in 2016. Food and beverage accounts for 29% of total hotel sales in 2016, down from 40% in 2008. Like this the hotel food and beverage division's sales are gradually declining. Nevertheless The reason why each hotel continues various food and beverage events Food and beverage events are the most effective hotel marketing tools. Especially, in recent years, 'Meok-Bang' has become an important consumption trend in various media such as TV and internet. This is why hotels are strengthening the restaurant business and developing differentiated food and beverage events. This study investigates the most frequently used food and beverage events (low cost events, wedding events, cherry tree events, lunch boxes & catering events). In order to improve the hotel sales, And We will create an environmental analysis and hotel event STP strategy for improving hotel sales.[9]

#### 3.2 Low Cost F&B Events

The most significant feature of the recent hotel F&B event is low cost competition. This is because many hotels have lowered the price of goods at food and beverage outlets, lowering the hotel threshold and using marketing to attract customers. In addition, since the young people participating in the event are mainly familiar with SNS, it is effective to promote the hotel. It is also a young person who is familiar with SNS. Therefore, the advertisement effect on the hotel is great. The most representative examples of low-cost food and beverage events are the infinite mainstream events, as shown in Table 1.

**Table 1. Unlimited Alcohol Service with Low Price**

Hotel	Description
Park Hyatt	Every Evening 6-8 pm High quality snack with eel, Korean beef at W69,000/person
The Westin Chosun	Every Fri & Sat 9pm-12am 3 Kinds of Champagne at W70,000/person
Courtyard Marriott NDM	Every Evening 6-10pm Unlimited Alcohol at W22,000/person
Sheraton Seoul D Cube City	Special Ticket at W13,000 including 1 Glass of Craft Beer, 1 Dish and 3 Raffle Tickets

Source : Hankyoreh news article of 2018.09.10

#### 3.3 Wedding event

The hotel wedding business has been in operation since July 1994 and is a major income of hotels. In particular, the 20-30 age group chooses hotels for large-scale family events such as birthdays and sixties. The subsequent lifestyle of the wedding becomes a substantial audience. Also Wedding events are also important in hotels because word of mouth has a direct impact on buying behavior. A variety of wedding related derivatives to attract wedding customers are also used as marketing elements. If you look at the wedding related events of a luxury hotel as shown in Table 3. Events such as weddings (fair, showcase) attract visitors to 20-30 prospective customers who are interested in weddings, and engage in hotel food and beverage services and services to stimulate intimacy and desire to purchase. In addition, these products are exposed to various and indiscriminate through media, blog, and SNS. Therefore Hotels competitively launched new wedding fairs, and are carrying out package events such as wedding dress, honeymoon, and wedding photo in collaboration with related companies.

**Table 2. Type of Wedding Expo/Fair/Showcase by Hotel**

Hotel	Wedding Fair/Expo/Showcase
JW Marriott DDM	Urban Boutique Wedding
Grand Ambassador	Romance in Fairy Tale
Grand Hilton	Design Wedding Fair
Glad Hotel	Fairy Tale
Novotel Ambassador Kangnam	Champagne 'The Fete'
Le Merdien	Art in Wedding
Courtyard Marriott NDM	The Story of Our Love
Sheraton Palace	Episode 3 Stay
Intercontinental Coex	Beyond Dreams

### 3.4 Cherry blossom events

The cherry blossom event is a specialized product that can be performed only when the limited conditions of region and season are met. In other words, there should be a large-scale cherry blossom viewing spot in the area adjacent to the hotel. In a timely manner, The hotel has to do intensive activities during cherry blossom 1-2 weeks. But The development of a variety of food and beverage events on the theme of cherry blossoms has the advantage that differentiated marketing can be utilized. Walkerhill Hotel's 'Cherry Blossom Festival' is a good combination of typical cherry blossoms and food and beverage events. Every spring, they hold a cherry blossom festival at Mount Achash. Various events such as cherry blossom lunch, cherry cake, cherry cocktail that is brings a lot of customers, including existing hotel customers and new ones who want to play

### 3.5 Lunch & Catering Events

Lunch boxes and catering services in the hotel food and beverage sector had high sales because they had a solid customer base. Also lunch products can only be sold in the hotel But in recent years, it has become possible to order and deliver to homes through phone or mobile food delivery applications.

The hotel has a new image through the event called 'Food Delivery Service'. It includes the desire of customers who want to have all of the costumes, quality, and reliability. And It can increase the profit of the hotel, and it can be said that it is a successful event product even in the case of the hotel. As shown in Table 4, the JW Marriott Dongdaemun Hotel 'Lunch Bento', which is a special hotel lunch event, was sold 30 to 40 per day by 2018. In addition, the number of orders for the 'holiday posters' products of Sheraton Seoul Dive City Hotel' s lunch box increased rapidly from one week before the 2018 New Year holidays, and about 200 sets were sold for one month.

**Table 3. Type of To-Go Product**

Hotel	Lunch Box Event
Sejong Hotel	Lounge & Dinning, Lunch Box
Millennium Seoul Hilton	Japanese Lunch Box
Imperial Palace	Japanese Lunch Box
Grand Hilton	Japanese Lunch Box
Sheraton Grand Walker Hill	Walker Hill, Cherry Blossom Lunch Box
Lotte Hotel World	Picnic Set
Westin Chosun	Italian Bistro Lunch Box
JW Marriott DDM	E-sanim Lunch Box, Party To Go
Sheraton Seoul D Cube City	Kids To Go

Source : Maeil Business News Korea article "Five star hotel offering lunch box delivery service 2018. 4. 19

## 4. AN EMPIRICAL STUDY

### 4.1 Environmental analysis by 5 Force Model

#### 4.1.1 Entry of Competitors

The hotel industry is currently experiencing a decline in visitors due to the recession, As competition increases, Customer departure due to the spread of accommodation sharing system such as AIR B&B, There are many difficult situations.

#### 4.1.2 Bargaining Power of Buyers

In September 2018, the Korea Hotel Association, He emphasized the importance of striving for standardization of food and beverage industry and customer satisfaction in international standards for strengthening competitiveness of hotel industry.[10, 11] In particular, sales in 2017 and 2018 decreased due to the TAHHD problem, which resulted from the decrease in Chinese tourists.

#### 4.1.3 Rivalry among the Existing Competitors

According to the National Statistical Office, the number of domestic hotels surged 47% from (553)/(2008) to (815)/(2016). The surge in the number of hotels was caused by the introduction of the Property Management System (PMS) and the operation of accommodation facilities developed by the start-ups, resulting in excessive competition between hotels and decreased sales

#### 4.1.4 Bargaining Power of Suppliers

The recent increase in the minimum wage and the introduction of the 52-hour workweek are expected to have a major impact on hotels and the tourism industry in the future. The average sales of domestic hotels peaked at W9.3bn in 2011 and sharply dropped to W7.6bn in 2016.

#### 4.1.5 Threat of Substitutes

According to the Ministry of Health and Welfare (2013), the most frequently used accommodation facility appeared as a hotel, and preference for self-service pension, serviced residence, guesthouse, condominium, resort increased, The frequency of use has increased. France has more than 35% of all lodging companies, and the United States uses serviced residences. It will become lean.[12]

**Table 4. 5 Force Model Analysis of the Hotel**

Entry of Competitors - Sharing Accommodation System	Bargaining Power of Buyers - Decrease of Chines Tourist by SAD Issue
Rivalry among the Existing Competitors - Increase of Hotel & Excessive Competition between Hotels - Introduction of Hotel Management System(PMS) - Introduction of Start-up Management System	
Bargaining Power of Suppliers - Minimum Wage Increase - Introduction of 52 Working Hours a Week	Threat of Substitutes - Increase of Substitution Preference (Residence, Condo, Resort, Guest House)

## 4.2 Hotel F&B STP Marketing Strategy

### 4.2.1 Segmentation

The main market of hotel food and beverage is divided into 20-30 young people, employees, family and friends. Accordingly, it is necessary to understand the characteristics of the hotel, such as the location of the hotel, facilities, personnel composition and brand image, and develop the product.

### 4.2.2 Targeting

Target customer segments based on market segmentation. As a substitute for hotels, we will target customers who prefer pensions, residences, guesthouses, condominium, and resorts. It is necessary to lower the threshold of the hotel to the level that the user desires to find new customers and diversify the customer base.

### 4.2.3 Positioning

One of the most important considerations when planning an event at a hotel is that the precise goal-free imitation event is the cause of failure. The image of a hotel once constructed does not change easily. In order to cultivate a positive and favorable image of the hotel to its customers, it is necessary to maintain the luxury and reliability of the hotel, but also to set aside events with high causticity and seasonal events.

**Table 5. Hotel Consumer Reaction**

List	Hotel				
	Consistent quality	Suitable for last-minute reservations	Improved visibility	Easier cancellation process	Total
	Facility/cleanliness	Cost performance	Comfort/Location	kindness	
Park Hyatt	4.3	3.7	4.3	4.3	16.4
Westin Chosun	4.6	4.1	4.6	4.7	17.9
Courtyard Marriott NDM	4.2	4	4.5	4.6	17.3
Sheraton Seoul D Cube City	4.3	3.9	4.4	4.4	16.9
JW Marriott DDM	4.3	3.8	4.4	4.5	16.9
	21.6	19.3	22	22.4	

**Table 6. Airbnb Consumer Reaction**

List	Airbnb				
	Free listings	Various options	Host protection	Custom Search	Total
	Check-in	Cleanliness/price ratio	Communication	location	
1	4.9	4.5	4.9	4.2	18.5
2	4.9	4.6	4.8	4.8	19.1
3	5	4.6	4.9	4.9	19.3
4	5	4.9	5	4.7	19.6
5	5	4.7	5	4.3	19
	24.8	23.2	24.6	22.9	

Airbnb has been providing community-style accommodation services for many years, and until the crisis hits a problem, hotels also have grown in each. At recent, the both hotels and Airbnb (home-sharing or private rental services) have struggled to step up to keep the competition going on. Evaluating the Changes of the Post-COVID-19, If it looks at the two segments of the customer industry as below table 5., these can see who is holding a faster positioning in breaking the lost pace and winning the industry in the near future.

While hotels strive to fulfill their role by meeting guest safety and COVID-19 compliance requirements, Airbnb will oust them with an immediate response to the pandemic and the ability to coordinate creative actions as such things of table 7.

**Table 7. Airbnb Vs Hotel Consumer Reaction**

List	Covid 19				Total
	Complete closure	Employee reduction	Reduced guest and home tenants	Hygiene policies	
	Comfort/Location	Communication /Cost performance	Check-in/kindness	Facility/cleanliness	
Airbnb	23	25	25	23	95
Hotel	22	19	22	22	85

Building the both areas, they do not collide significantly. When the emphasis is placed on cleanliness and quarantine, they will be achieved on greater growth. Breaking the lost speed at the moment and in terms of weaknesses (Airbnb: Hygiene policies, cleanliness. Hotel: Communication / Cost performance, Employee reduction) rather than strengths. In order to with he competition, firstly each must secure a faster position making up for the each weakness.

#### 4. CONCLUSION

In this study, Hotels are organizing food and beverage events in response to increased hotels and market changes. To investigate how these efforts have an impact on business creation and customer satisfaction. We found food, beverage marketing, analysis methods, and marketing strategies.[13, 14] The analysis of the 5Force Model environment for hotel marketing showed that domestic hotels were affected by the diffusion of accommodation sharing system. The decrease of Chinese tourists due to the THAAD problem, the rapid increase of hotels, the introduction of start-up operation system, excessive competition among hotels, Wage increases, the introduction of a 52-hour work week, and the preference of customers for other products. Food and Beverage Event STP Strategy is First, it divides the market into major markets where the wedding is possible, the 20-30-year-old floor, employees, and family and friends and we should develop products that reflect the characteristics of the hotel, such as hotel location, facilities, personnel composition, and brand image, by targeting customers. For customers using hotel alternatives, develop products that can lower the hotel threshold to the level that the customer desires. Finally, for a positive and favorable image, Table. 6, such as promotion of high caustic and seasonal events should be positioned. In conclusion, hotels are committed to fulfilling their role by meeting guest safety and COVID-19 compliance requirements, but a focus on immediate cleanliness and quarantine against infectious diseases, like Airbnb, will enable greater growth.

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