From 4P's to 4 E's – How to Avoid the Risk of Unbalancing the Marketing Mix in Today Hotel Businesses

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1. Introduction

The new dynamics of the twenty-first century led to a new competitive environment in the field of tourism and hospitality business. This scenario is driving the industry companies to adopt new strategic marketing options and operational marketing processes.

Consequently we notice the presence of a set of profound transformations in the socio-cultural matrix of today's societies, especially Western societies, where a new socio-demographic profile stands out. This profile is characterized by a new tendency towards the decrease of birth rates, the increase of average life expectancy, changes in the concept of family, a growing urbanization and a unique and simultaneous coexistence of four different generations (Traditionalists, Baby Boomers, Generations X-ers, Millenials). These generations have distinctive socio-cultural characteristics due to the structural differences which have shaped their everyday life and arose unique challenges in what concerns communication and interpersonal relationships (Lancaster & Stillman, 2002). Millennials', also known as Generation Y, are the clients of the future, because “…Millennials access digital media on daily basis and have the ability to communicate with and purchase from suppliers anywhere in the world.” (Mangold & Smith, 2012:141), and so it is vital to acknowledge the importance of such profile.

The exponential development and increased dependence of technology in the context of the present society place it as the central paradigm of the social and economic development and thus changing the limits of ability and means of production. Considering its impact on the lifestyle and communication of the population, the internet is probably one of the most important elements of this revolution. It has deeply changed the notion of time, shortening reality and establishing new lines of spatial, time and management organization (Abrate et al., 2012). We can observe an increase of marketing & communications channels.

Tourism in general and hotel business activity in particular are also facing a scenario of change conditioned especially by the increase of demand, new values and premises. For this reason a more thorough and varied approach to demand is needed, namely on the consumer behaviour level. According to Brian Fetherstonhaugh from Ogilvy & Mather:

"The consumer has seized control. Audiences have shattered into fragments and slices. Product differences can last minutes, not years. The new ecosystem is millions and billions of unstructured one-to-one and peer-to-peer conversations."
In this contemporary economy, marketing has taken a turn. Companies have changed the way that they're marketing and engaging with their audience and the 4 P’s transform to the 4 E’s of inbound marketing.

2. Literature review

**Short history of marketing mix in tourism**

The traditional marketing mix, also referred to as the 4 P’s of marketing or the marketing program, consists of: price, product, place, and promotion.

Borden claims to be the first to have used the term “marketing mix” and that it was suggested to him by Culliton’s (1948) description of a business executive as “mixer of ingredients”. Borden, in his original marketing mix, had a set of 12 elements namely: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling and fact finding and analysis. He did not consider this list of elements to be fixed and suggested that others may have a different list to his. However, Borden did not formally define the marketing mix. To him it simply consisted of important elements or ingredients that make up a marketing programme (Borden, 1965, p. 389).

Other suggested frameworks include Frey’s (1961) suggestion that marketing variables should be divided into two parts: the offering (product, packaging, brand, price, service) and the methods and tools (distribution channels, personal selling, advertising, sales promotion and publicity). Lazer and Kelly (1962) and Lazer et al. (1973), on the other hand, suggest three elements: the goods and services mix, the distribution mix and the communication mix.

However, the most popular and most enduring marketing mix framework has been that of McCarthy (1964, p. 35). He refined this further and defined the marketing mix as a combination of all of the factors at a marketing manager’s command to satisfy the target market. McCarthy regrouped and reduced Borden’s 12 elements to the now popular 4Ps, namely: product, price, promotion and place (McCarthy, 1964, p. 38). Each of these categories consists of a mix of elements in itself and hence one can speak of the “product mix”, “the promotion mix”, and so forth.

The traditional marketing mix was also considered in the context of hotel services. The 4P’s variables were and continue to be used by hoteliers as part of the overall marketing strategy in attempts to generate the most favorable response in targeted markets by blending as many of this variables in ways that understand and meet those markets’ preferences and needs.

Defining a proper marketing mix for hotel industry is crucial for the success of hotels marketing efforts. Simply stated, the 4 Ps of the hotel marketing mix are:
**Product**

Product is usually defined as either a physical object or an intangible service that is mass-produced on a large scale with a specific volume of units. Intangible products are service based and include hospitality, tourism and the hotel industry. Hotel industry offer products like: guest rooms, food and beverage, banqueting rooms, conference facilities, recreational facilities, health and wellness facilities, travel desk, business centre, parking facilities etc.

In contemporary lodging, the Product has become segmented by location and segment – luxury, upscale, mid-range, economy, budget, etc. In addition, the massive introduction of branding and sub-branding to many properties has brought the industry to a point where the danger of becoming an indiscernible entity is very real.

**Price**

Defining the correct pricing strategy is one of the most important aspects of the marketing mix. The hotel rate codes and packages are defined keeping in mind to attract or impress guest.

As in the Product category, segmentation has defined some of the price points. The global recession of the previous years has clouded some of the traditional differences, as some resort and upscale brands have discounted heavily to the point where the lower priced properties cannot effectively compete. Price (the amount a customer pays) is determined by market share, competition, operational costs, brand or product identity and the customer's perceived value of the product. Pricing may increase or decrease with frequency and pricing strategies must be planned and worked daily.

Cash flow is an obvious business critical factor and reasonable discounts on a logical basis are often good business practices. Consumers will always remain sensitive for fair prices, discount options and special offers, but competing on Price as the major component for success is not a viable or logical long-term approach for most hotels.

**Place**

This is the P that may have changed the most in the past 10-15 years, as Place represents the locations where a Product or in the case of lodging, accommodations can be purchased (in city, outskirts of city, resort area, hill station etc.). Place also refers to the accessibility of the products to consumers. When comparing to other products normally hotels products doesn't travel to customers but the customers come to the product.

Regarding the distribution methods, hotel uses either direct (sales through the hotel sales team, personal telephone calls, hotel website booking system, global distribution system) or indirect distribution methods (travel agents, event planners, online travel agents, online travel portals. Technology has changed the distribution channels via the internet and third party resellers and the changing role of travel agents and instant communication has clearly changed the location of reservations and guest access.

**Promotion**

Marketing includes many faces to reach out to the targeted guests or groups, including advertising, direct sales, sales promotions, public relations, publicity, branding, media, etc. Promotion has evolved through technology to become what is perhaps the most visible P, requiring a significant focus to bring the Product (lodging experience) to the Place (distribution channels) at a reasonable and competitive Price. While all four P's still link to each other, Promotion has become the one many hoteliers have concentrated as their point of difference as the other three P’s have become somewhat eroded in their significance in today's markets.

3. What is the new marketing mix?

Successful marketing requires adaptation and dynamism. In today economy identifying consumer trends, rafting programs that exceed guest expectations while providing a tangible opportunity to differentiate the organization, hotel or resort from the competition, is the very essence of hospitality marketing.

The premises of operational marketing management tend to change. As an alternative to the traditional 4P’s of the marketing mix (price, product, placement and promotion), tourism businesses tend to develop new operational management models reinvented now under the 4E’s mix (experience, everyplace, exchange, and evangelism). Marketing is no longer about how you can get your product in front of your target audience for the right price. It’s more about engaging and creating a relationship with your visitors, leads, customers and promoters.
From Product to Experience

Classic marketing instructed us to look at “product” features, find a single consumer benefit, and promote this over and over again to target audience (Fetherstonhaugh, 2009). In our days customers experience no longer relies on the strengths and benefits of the product. It’s about their overall customer experience. From the moment they land on the website to after they become a customer, it’s all about the ability to tell a story and capture their attention.

From hoteliers’ point of view, today, they are no longer simply selling rooms. They are selling entertainment and human reactions. From check-in, to the experience in the guest rooms, bars, restaurants, spas, and various other outlets, guests should react to team members—bellmen to maids to waiters to massage therapists—the room, or a plate of food. If they are smiling, surprised and/or taking pictures or video with their smart phones, hoteliers succeeded. Hoteliers don’t always focus on that reaction. When they do, the product gets better, along with word-of-mouth, TripAdvisor scores and social media hits.

On the other, hoteliers provide an information channel to improve and customize its service based on the consumer himself – a process of co-creation.

“We observe three key processes of co-creation. First, companies should create what we call a “platform,” which is a generic product that can be customized further. Secondly, let individual consumers within a network customize the platform to match their own unique identities. Finally, ask for consumer feedback and enrich the platform by incorporating all the customization efforts made by the network of consumers” (Kotler et al., 2010).

Instead of simply offering tourism products, tourism businesses use these new concepts and management tools in order to provide the consumer with the necessary means for the customization of their own personal tourism experience and therefore allowing him/her to actively engage in the development and innovation of the product and company.

From Place to Everyplace

“Everyplace” reflects consumers’ ability to access products when and where they wish necessitating marketers to “intercept” them in their communications rather than “interrupt” (Fetherstonhaugh, 2009). Consumers are no longer just going in a touristic area to find a hotel. They’re using the Internet.

In order to reach audience hoteliers essentially need to be everywhere, by developing profiles on social media and providing educational content on their blog. The company website, its Facebook profile or other similar tools become a space for sharing and communication between consumers, a community.

The distribution process moves into a more complex stage of engagement where there is a relationship and active participation of the consumer beyond the commercial transaction. Perhaps, the F-Commerce (Facebook-Commerce) can become the state-of-the-art this new stage (Nuno, G., 2013).

From Price to Exchange

“Price” used to be very simple. For many marketers, the focus was on the cost side of the equation: keep costs down so we can keep prices competitive. Marketing leaders were highly aware of the cost of marketing inputs – commercial production, agency compensation, TV airtime and print production.

Today’s marketing leader needs to be aware of the value of things. In particular, they need to know what it takes for a consumer to give them precious things like their attention, their engagement and their permission.
In order to balance the new marketing mix, hoteliers need to start by calculating the value of their customers, and what their attention, engagement and permission are worth to them. One important indicator is customer lifetime value (CLV). CLV is a measure of the economic value of a customer. It is the sum of all profits from a given customer, over the “lifetime” of their relationship with the hotel. The essence of CLV is that it allows hoteliers to understand profitability and loyalty in tandem, meaning that they can design their loyalty programs, to increase the loyalty of profitable guests, instead of paying for the increased loyalty of unprofitable guests (McGuire, 2014).

From Promotion to Evangelism

Promotion has most certainly evolved into Evangelism. Find the passion and emotion in brand. Inspire guests and employees with that passion. Make them your Evangelists.

Evangelism marketing is an advanced form of word-of-mouth marketing (WOMM) in which companies develop customers who believe so strongly in a particular product or service that they freely try to convince others to buy and use it. The customers become voluntary advocates, actively spreading the word on behalf of the company (http://en.wikipedia.org/wiki/Evangelism_marketing). Evangelism comes from the three words of “bringing good news”, and the marketing term justly draws from the religious sense, as consumers are driven by their beliefs in a product or service, which they preach in an attempt to convert others.

Marketing in a fragmented, multichannel world needs a powerful heart. The key ingredients are emotion and passion. Hotel marketing leader of the future, must know how to find the energy and passion in what they are selling (Fetherstonhaugh, 2009).

The big idea is best expressed in a short phrase that captures the company's or brand's point of view on the world, or on life, or on the country in which it operates. Today consumers demand greater awareness of environmental and social issues, and businesses have had to replace the “profit at any cost” mentality with a means for earning responsibly. Finding the big idea, for a hotel business can help in generating enthusiasm, commitment, creativity, and finally profit (Mitchell, C., Shaw, J., 2010). Brands become are much more than a simple link in a business relationship between consumers and companies, and become an emotional asset. For this reason, tourism companies tend to ground their brands in a set of human and spiritual values and to create bonds and communities among its consumers.

For instance, several companies have already created innumerable programs of responsibility and environmental awareness, like Starwood:

"We, at Starwood Hotels & Resorts Worldwide, Inc., believe that economic growth and the well-being of society are inextricably tied to the health of the environment. Accordingly, we embrace our responsibility for environmental stewardship and are committed to integrating leading environmental practices and sustainability principles into our core business strategy" (in www.starwood.com).

Facing a society increasingly sensitive to environmental issues and clients who are more emotional and concerned about values and global and personal well-being, the purpose of these companies is not only to occupy such place in the mind of the consumer but also to establish an emotional and permanent relationship with him/her, thus sharing common ideals which are determining factors at the moment of purchasing a service, in the context of the business relationship.

4. How to balance the Marketing Mix in Today Hotel Businesses

It is important to note that the 4E’s are not a replacement of the 4P’s, but rather, an expansion of an old concept. Essentially, the 4Es are still addressing the same persistent marketing issues that the 4Ps were
designed to tackle 50 years ago. The real difference between the 4P's and the 4E's is that the 4E's are a semantic change designed to reinforce the new outlook towards marketing in today’s "noisy" world. The 4E’s make use of “tick” words and nomenclature that inherently describes the success factors of a product launch today.

Successful marketing requires adaptation and dynamism. Here are some directions a hotel business can use to avoid the risk of unbalancing the marketing mix in today economy:

Table 1. Directions a hotel business can use to avoid the risk of unbalancing the marketing mix in today economy,

| Experience        | - Customise your product. Give client the possibility to choose the features of his touristic programme  
                   | - Focus on selling entertainment and human interaction rather the product/service features |
|-------------------|------------------------------------------------------------------------------------------|
| Everywhere        | - Create a space of communication between your customers  
                   | - Be creative. Find new distribution channels                                               |
| Exchange          | - Calculate the value of your customers  
                   | - Find out what it takes for a consumer to give attention, and engagement for your product |
| Evangelism        | - Bring passion to your brand through engagement  
                   | - Captures the company's or brand’s point of view on the world, or on life, or on the country in which it operates |

*Source: Developed by author*

Perhaps one of the big problem of the new marketing mix is to put pressure on one of the components. A way to avoid this is to create touristic programmes which respond to all the requests of 4E’s marketing mix.

Creating experiences through cooperation between different actors on tourism industry is a must do in today economy. If the multinational companies have all the resources to impress their customer, smaller business and the destinations they operate in can succeed only through cooperation. This method of business has been around for years in the form of “package holidays” and can be improvised extremely successful with the new approach of marketing mix. This can be implemented on a much smaller scale to draw a number of smaller experiences into a “memorable experience”.

Co-operation provides a number of benefits for hotel businesses, and the wider community that they operate in:
1. Small businesses with limited scope are able to combine a number of experiences into a “memorable experience” through effective co-operation with other local businesses. An example of this would be a small hotel co-operating with a restaurant or local attractive by providing a discount.
2. Business can take advantage of “free” marketing and visa versa. This is great for smaller businesses who rely on “free” advertising.
3. Destinations become more appealing to tourists, supporting the notion of sustainable tourism. This allows smaller businesses to make a difference to the destination they operate in by increasing tourism.
4. A single transaction cost can create the perception of value for money. Also this reducing the negative feelings associated with payment, as an experience can be paid for in a single transaction.

Starting a co-operation between travel agents, hotels and local community can contribute to the over all experience of the clients. Festival "Pooh" and Anglovile are some best practices exemples:

**Festival "Pooh"**

Festival "Pooh" is a new kind of holiday that can be called "rest with the plan" or "Tourism Plus". It is the author's journey to unusual places with carefully selected individual program.

Festival "Pooh" - a project of the Israeli training center "Urban Tao." As part of the "Urban Tao" in Israel regularly hosts classes, courses, seminars and workshops on the themes of self-development and practical psychology. A festival "Pooh" is entirely devoted to interesting vacation in good company in a special place.

This is an international festival of traveler and the history of its existence, "Pooh" Russian-speaking audience gathered from around the world in Egypt and Rhodes, on the lake, in Lapland, in the Carpathian Mountains, Georgia, Israel, Italy and Morocco.

Here is a short description of the festival:
“The festival program is composed in such a way as to not only show you the natural and architectural beauty, but also to help set up the perception, listen to yourself and awaken the imagination. And, of course, to plunge deeper into the atmosphere of the country, good humor and interesting dialogue, to meet with the same curious people who come from many different places to pass secret paths and to look into the non-touristic areas. A festival "Pooh" is entirely devoted to interesting vacation in good company in a special place.

"Pooh" - is an unusual combination of adventurous journeys, rich, vivid impressions of rest in a fabulously beautiful places, and creative authoring program that will help set up the perception and open new opportunities for themselves and the world around them.

The uniqueness of the festival "Pooh" in the remote from civilization, a small number of participants, skill and understanding of the team. The professional team of top creates a special atmosphere of understanding, trust and solidarity and leads you to a sense of ease of communication, independence, joy of life and the depth of feeling!

"Pooh" - a festival for the brave and open people, cheerful, inquisitive and active, ready to move towards self and new adventures. (http://festipooh.com/)

The 4E’s marketing mix is easy to identify in this touristic package:

**Table 2 – The 4E’s of marketing mix of Festival "Pooh"**

<table>
<thead>
<tr>
<th>Experience</th>
<th>They created an experience: &quot;Pooh&quot; - a festival for the brave and open people, cheerful, inquisitive and active, ready to move towards self and new adventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everywhere</td>
<td>Create a space of communication between their customers on <a href="https://www.facebook.com/FestiPooh?pnref=story">https://www.facebook.com/FestiPooh?pnref=story</a></td>
</tr>
<tr>
<td>Exchange</td>
<td>They found out what it takes for a consumer to give attention, and engagement for their product: “The festival program is composed in such a way as to not only show you the natural and architectural beauty, but also to help set up the perception, listen to yourself and awaken the imagination”</td>
</tr>
<tr>
<td>Evangelism</td>
<td>They brought passion to their brand through engagement: “Festival &quot;Pooh&quot; is entirely devoted to interesting vacation in good company in a special place”</td>
</tr>
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<td></td>
<td>They captured the company's or brand’s point of view on life, in which it operates: „The professional team of top creates a special atmosphere of understanding, trust and solidarity and leads you to a sense of ease of communication, independence, joy of life and the depth of feeling!”</td>
</tr>
</tbody>
</table>

Source: Developed by author

From hotel point of view organizing Festival "Pooh" can be an attractive way of creating memorable experience for its guests.

Angloville

Angloville, presents itself as the biggest provider of language immersion programs in Central – Eastern Europe ([http://angloville.com](http://angloville.com))

“Angloville is an opportunity that offers you:

- A free stay in a beautiful countryside resort
- A chance to meet, connect and learn from successful professionals from Central – Eastern Europe
- Invaluable teaching experience (with a free online TEFL course on completion of a Tandem House program)
- A week full of memories, new friends, and an introduction to a new culture.

Angloville is a unique experience that enables linguistic and cultural exchange between the native English speakers and our non-native students, most of whom are successful professionals or ambitious youth; depending on the program you do.

While an incredibly unique and enjoyable time, it’s important to understand that coming on an Angloville program is a responsibility as well. It’s perfect for inquisitive and social people.

Being a new tourist programme, Agroville succesfully use or the principles of the new marketing mix:
Table 3 – The 4E’s of marketing mix of Angloville

| Experience | They created an experience: “Angloville is a unique experience that enables linguistic and cultural exchange between the native English speakers and our non-native students” |
| Everywhere | People are constantly sharing their experiences about Angloville. Below are a few: |
| Exchange | They found out what it takes for a consumer to give attention, and engagement for their product: “incredibly unique and enjoyable time” |
| Evangelism | They brought passion to their brand through engagement: “Angloville program is a responsibility as well. It’s perfect for inquisitive and social people” |

Source: Developed by author

Developed as a programme in Poland and Hungary, Angloville is recently approaching the touristic market in Romania. Starting a co-operation between Angloville and some romanian hotels will be in the best advantage of both parties. Enjoying what the venues have to offer is part of what makes Angloville such a unique and fun experience. Beside learning english, the tourist will have the opportunity to enjoy the hotel amenities, local food and touristic attraction of the area.

5. Conclusions

The world of marketing have clearly changed, many of the tools and assumptions that we grew up with are out of date and no longer valid. Applying the new 4E’s of marketing rather than the old 4P’s will produce a better impact on brand image and eventually translate into revenues to business.

Today tourists want innovation, community and values. For a travel & tourism company these means not only selling a travel package, a plane ticket or booking a hotel room, but becoming a travel consultants. Having considered the idea of co-operation in creating experiences holds many benefits for tourism and hospitality businesses, and reduces the risks in today economy. As we continue to develop and become more intelligent consumers, it is clear that “experiences” are the key to creating sustainable competitive advantage. As many small businesses have limited scope, co-operation may become increasingly important as a key to survival and profitability. Co-operation should be considered as a potential way for small businesses to create “memorable experiences” in the future.

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