

# **Qualitative Success Factors for Strategic Marketing Expenditure Decisions in the Luxury Hotel Industry**

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Submitted to Dr. Christian Weismayer

Andreas Glück

1302502

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## **AFFIDAVIT**

I hereby affirm that this Master's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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## ABSTRACT

**Purpose** - The purpose of this paper is to find and define qualitative success factors (QLSFs), which are relevant for marketing in the hotel industry, as well as to get a better understanding of their importance and how they can influence the decision-making for marketing expenditure.

**Objective** - The objective is to find a weighted selection of QLSFs for a useful evaluation of marketing expenditure, and to get a better overview, which should help to support the decision making process.

**Design/methodology/approach** – Qualitative method is chosen in terms of interviews and the quantitative method in terms of the outcome of the survey for the weighting and evaluation of the QLSFs to find solutions for the research question.

**Findings/Practical Implications** - The paper uncovers useful information about each QLSF and possible solutions for the case study hotel to work with QLSF i.e. an Analytic Hierarchy Process tool. The study clearly points out that hotels should consider the importance and influence of QLSFs. Furthermore it contains a useful approach on finding solutions for a problem.

**Research limitations** – The results of the study are based on the personal perceptions of managers of only one hotel and therefore do not represent the entire hotel industry. Furthermore, there was only one evaluation example of a specific marketing expenditure. However, the research findings and outcome of the study could be a solid fundament for a weighting of qualitative success factors.

**Originality and value of this paper** – This research clearly adds new knowledge about qualitative issues referring to the hotels industry by providing a practical approach and ideas of weighting and evaluating QLSFs, which could support the decision-making process. Furthermore the outcome of the findings encourages the engagement with qualitative influence for business strategies.

**Paper type** - Research Paper

**Keywords** - Qualitative Success Factor(s), Marketing Expenditure, Hotel Industry, Decision-Making, Weighting



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## LIST OF ABBREVIATIONS

QLSF	Qualitative Success Factor
QLSFs	Qualitative Success Factors
QnSFs	Quantitative Success Factors
AHP	Analytic Hierarchy Process
ME	Marketing Expenditure
OO	Owner's Objective





# 1 INTRODUCTION

## 1.1 Background and Motivation

What is it, what marketing managers of hotels have to answer very often? A Director of Sales and Marketing in a luxury hotel is very often confronted with one of the basic questions: Should we invest into a marketing activity and what is the return of it? To calculate a kind of return of investment it is mandatory to have quantitative information but the difficulty appears when those figures are missing or cannot be predicted. The author's professional experience, which is based on more than 20 years working in the hospitality industry, showed him that hotels tend to have difficulties in the decision-making process concerning marketing expenditure with limited quantitative information. This is the reason why the author would like to investigate this foggy topic of qualitative factors i.e. corporate image, relationship building and brand awareness for the hotel industry.

## 1.2 Research Question

There is no comprehensive and coherent data in the literature about the impact of qualitative success factors (QLSFs) in the hotel industry. Is it possible to find relevant information and to analyze QLSFs, which can be used to support decisions under uncertainty in the hotel industry?

It is difficult to make decisions for marketing expenditure without quantitative information under uncertainty, in other words it is not easy to make decisions based only on qualitative information. The idea of the presence and the possible influence of qualitative success factors motivate this study to propose the following **research question**:

*Is it possible to find and define qualitative success factors, which can be weighted and evaluated and serve as a support for the decision making about alternatives of marketing expenditures in the luxury hotel industry?*

The research findings will give an overview of possible and relevant QLSFs for the hotel industry and should serve as a basis for the methodology part with the case study hotel.

## 1.3 How to address the problem? Research objectives

What can be done to improve the decision making process without quantitative information? To address this problem the author first starts with the research/literature review about the theory of qualitative success factors, which are relevant for marketing expenditures in the luxury hotel industry. Secondly, a root cause analysis will be created for the case study hotel to define the specific problem and to investigate the root causes. The root causes of the problem

represent the fundament to find and create solutions to overcome the problem. Thirdly, a survey will be created for the executive management of the case study hotel with the objective to get results from the proposed solutions, which should represent a support for the decision-making process.

## 1.4 Research Design

To find references for the importance of qualitative success factors the research in the literature was made in textbooks, in journals, in articles, on the Internet and during personal communication. The survey was administered to the executive management of the case study hotel and interrogated by personal interviews and meetings. The executive management has been informed about the research findings and was completely involved in the weighting process of the QLSFs by answering the prepared survey. The results of the survey reflect the perspective of the management of the case study hotel about the weight of each qualitative success factor and the evaluation of one example of a possible marketing expenditure. As one example of a marketing expenditure the author chooses the investment into participation at a trade show in a foreign country.

## 1.5 Structure of the Thesis

This paper lists information about qualitative factors, which are important for the business outcome of luxury hotels. It starts with the research of definitions in the literature of the most important topics, which are relevant for the research question in the **second chapter** to get a better understanding about content of this paper. The **third chapter** includes the research about possible qualitative success factors in the literature and its definitions ending with a summary of all founded factors and a conclusion. The **fourth chapter** represents the methodology part. This chapter starts with the case analysis of the case study hotel to find solutions for the research question. Furthermore, the found solutions will be used in form of a survey for the selected focus group. In the **fifth chapter** the results of the survey are demonstrated and visualized in tables and figures. In the **sixth chapter** the conclusion includes a summary, limitations and interesting other insights. The paper ends with the **seventh chapter** with the references in the bibliography followed by the appendices.

## 2 RESEARCH: DEFINITIONS

### 2.1 Strategic Marketing

The American Marketing Association (2013) offers the following definition of Marketing: *“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”* Keegan and Green (2010) are focusing on global marketing and referred to the definition of the American Marketing Association in their book *“Global Marketing”* and they illustrate the differences between local and global marketing. However, the discipline of marketing is universal and the marketing approach itself differs between different countries. In this paper the marketing approach is based on privately owned luxury hotels like the case study hotel *“Hotel Sacher Wien”*, which is located in one country only, in Austria. The marketing strategy itself has certain global strategic elements as well due to the worldwide markets the target groups come from. The marketing management underlies the marketing mix theory mostly described as the 4P’s by McCarthy (1960) that is Product, Price, Promotion and Place. Judd (1987) has turned the 4P’s into 5P’s with adding People to McCarthy’s 4P’s. Widely commonly used are also the 7P’s of Booms and Bitner (1982), who added three service Ps, Participants, Physical evidence and Process to the original 4 P’s. According to Kotler and Keller (2012) *“Marketing is about identifying and meeting human and social needs.”* They also have a very short definition: *“Meeting needs profitability”*. In the luxury hotel industry this means identifying the human and social needs of potential hotel guests from all over the world but also from clients respectively third parties in example booking-platforms for potential guests. Marketing is a very large topic; this paper will focus only on the strategic decision part of marketing expenditures. Besides the importance of quantitative aspects the main interest of the research paper will be the qualitative success factors for marketing decisions in the private luxury hotel industry.

Varadarajan (2010) describes in his article Strategic Marketing as follows *“The domain of strategic marketing is viewed as encompassing the study of organizational, inter-organizational and environmental phenomena concerned with (1) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of creation, communication and delivery of products that offer value to customers in exchanges with organizations, and (2) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations.”* According to Porter (1996) strategy is about exploring options and taking actions, it is about making choices. *“The essence of strategy is choosing to perform activities differently than rivals do.”* In respect to the research topic, hotel marketing departments also need to take non-quantitative factors into consideration. These qualitative factors are part of the possible op-

tions and activities and are based on the behavior of the hotel organization in the marketplace and the management responsibilities to finally make the choice respectively the decision.

In the hotel business also the speed of marketing strategy decisions has a major impact on the success. For Davis J.R et al (2012) the strategic speed in organizations depends on pace, process, and people. According to him the most important power for the acceleration lies in the people's part. This part contains three key indicators, clarity, unity and agility. First, clarity in respect of a clear understanding of the direction and situation, second, unity with the agreement of the situation and direction of all participants of the process and third, agility with the willingness to adapt and change quickly while keeping the strategic goals in mind. For this paper this implies clarity, unity and agility about the approach of taking qualitative success factors into consideration for a decision-making process. In detail this means clarity about the selection of qualitative success factors and unity of the overall weight and the value of each factor for a specific marketing expenditure. For the speed of strategic decisions agility is important in respect to a possible adaptation or change of factors.

## 2.2 Decision-Making

*"Making decisions is like speaking prose – people do it all the time knowingly or unknowingly"* Kahneman and Tversky (2000). A Decision is a choice out of a set of alternatives and is underlying a decision making process, Ponocny (2015). The decision making process is described in the publication of Communities and Local Government (2009) as follows: The process starts with identifying objectives and options for achieving these objectives followed by identifying the criteria to be used to compare the options. Afterwards those options have to be analyzed and finally the process ends with making the choice and noting the feedback. In this case the decision has to be made about a choice of possible investments on specific marketing activities. The objective is to increase the hotel's business success by investing in the best marketing option. The criteria of the options are the quantitative and qualitative success factors. The analysis of the options contains the weighting and evaluation of the criteria of all possible marketing expenditures and provides the requested information for making the choice. The outcome of the marketing expenditure represents also a useful feedback, which will help to evaluate the criteria to find a better decision for future alternatives.

In the context of decision-making two terms should be mentioned; the descriptive theory and the normative theory. According to Gilboa I. (2010) the descriptive theory describes reality without valuing if a decision is *good or bad*. The normative theory on the other hand is just a recommendation to the person who makes the decision and a suggestion of how to make the decision and how to behave in a certain way. A descriptive theory in this case is for example a decision about one option where the qualitative success factors promises the better outcome. The better it fits the criteria of the options the more successful it will be. The same factors for the same option could also question the decision maker if the expenditure is morally or ethi-



cally compatible with the values of the company, in this paper this is an example for the normative theory.

Managers in luxury hotels have to consider the criteria certain of marketing expenditures decisions under different conditions. According to Geyer (2010) these conditions are described in the level of probabilities, which means the degree of available information for the decision maker and can be separated into three possibilities of decisions: Decisions under certainty, decisions under uncertainty and decisions under risk. For decisions under certainty all information is available. The probability for one option is one and for all other options it is zero. In the case of the hotel's marketing decisions, different options provide explicit quantitative information for example the outcome of room nights or revenue. Decisions under uncertainty do not have any specific probabilities or information at all. That is the reason why qualitative factors can be important since they do not provide the decision maker with specific information like the value of brand image. Finally, decisions under risk have several options where, in contrast to the first one, the probability is distributed to more options, which makes the decision making more risky. Summarizing, decisions require information and it is necessary to find as much information as possible on quantitative as well as qualitative factors to help the decision maker.

This paper focuses on decisions under uncertainty about strategic marketing expenditure. The next chapter shows a deeper understanding of possible expenditures.

## **2.3 Hotel marketing expenditures**

What alternatives of marketing expenditure does a hotel have? There are several options for a hotel to invest money into marketing activities. Barwise and Styler (2002) found five main categories of marketing expenditure. They analyzed five countries, USA, Japan, Germany, UK and France and they refer to 5 major categories of marketing expenditure: Advertising, Sales Promotion, Direct mailing, PR/Sponsorship and interactive Marketing.

In the official edition of Uniform System of Accounts, USALI (2006), the following expenses are associated with the Sales and Marketing department and provide a comprehensive overview of marketing expenditure alternatives. They separate the expenses into payroll and related expenses and other expenses. Furthermore a distinction between sales expenses and marketing expenses is made, however in this paper the term marketing includes sales as well. Following Table 2-1 provides a list of possible expenditure based on the USALI (2006) with the focus on "Other Expenses".

### Sales and Marketing Expenses

Other Expenses	
<b>Sales Expenses</b> Complimentary Services and Gifts Contract Services Corporate Office Reimbursable Decorations Dues and Subscriptions Equipment Rental Fam (Familiarization) Trips Laundry and Dry Cleaning Miscellaneous Operating Supplies Outside Sales Representation Postage and Overnight Delivery Charges Printing and Stationery Promotion Telecommunications Trade Shows Training Travel - Meals and Entertainment Travel - Other	<b>Marketing Expenses</b> Agency Fees Collateral Material Contract Services Direct Mail E-Commerce Franchise and Affiliation Advertising Franchise Fees In-House Graphics Loyalty Programs and Affiliation Fees Media Miscellaneous Outdoor Outside Services Photography
Payroll and related Expenses	
Salaries, Bonuses Incentives, etc.	
Payroll related expenses	
TOTAL EXPENSES	

TABLE 2-1 SALES AND MARKETING EXPENSES

SOURCE: USALI (2006)

The selection of marketing activities is very much depending on the hotel's category and level of luxury. Following other examples of detailed marketing activities are falling into the section of marketing expenditures: expenses of sales trips, social media campaign, search engine marketing, sales blitz, newsletter, advertising in magazines, etc.

## 2.4 Luxury Hotel Industry

Laloumis (2009) describes the hotel business as complex and polymorph with different kinds of products, which are delivered at different moments in different places and by different people. The hotel industry has higher constant expenses and is characterized by continuous production

even without demand. According to Denton et al. (2009) the hotel industry is the most specialized and complicated form of real estate ownership. Besides the real estate characteristics such as capital intensity, immovability and uncontrollability of external influences on the operating business hotels are extremely labour-intensive and need a high level of operating expertise. Based on their findings hotels on the other side generate higher levels of returns on invested capital. Due to this fact hotels are still very popular among investors. Singh (2015) additionally describes the hotel business characteristics with the perishability, the immobile location, the fixed supply and the seasonality. His definition of a luxury hotel is stated as follows. *“Hotels, which provide guests an ideal mixture of unique architecture, luxurious interiors, impeccable and truly personal service, a well trained staff, exquisite food and style and ambiance beyond comparison.”* International hotel brands and also individual hotels are defined as luxury hotels, when they are focusing on the optimal mixture of this high standard.

The official level of luxury shown by the amount of stars between one and five also underlies a specific categorization done by governmental institutions. In Austria, the “Österreichische Hotellklassifizierung” (Austrian hotel classification). They award the highest level of luxury in Austria with the category “5star superior”. Furthermore various information platforms and booking channels like booking.com, expedia, trip advisor and also tour operators like DER Touristik and Airtours in Germany define their own levels of luxury. The hotel benchmark company STR Global (2015) represents a categorization of hotels worldwide.

Wiedmann et al. (2007) write about the value perception of luxury. According to them luxury has many different forms for different people and depends on the customer’s mood and experience. In their literature research findings luxury has a strong element of human involvement and is a concept of exclusivity and rarity. It can be defined by beauty, by impressing others, and can also be defined by price and quality ratios. In the light of global business, luxury can be described as a transnational type of culture with tangible and intangible components. They describe tangible components by examples like clothing, cars, buildings etc. and intangible components with ideals, behaviours and beliefs in a group specific value system. Wiedmann et al. (2007) on the contrary refer to a conception model of luxury value from the Academy of Marketing Science. The overall luxury value consists of the financial value (price), the functional value (usability, quality, uniqueness), the individual value (self identity, hedonic, materialistic) and finally the social value (conspicuousness, prestige). The selection of values shown provides a good basis for defining a hotel in terms of luxury.

The case study hotel for this paper will be discussed in the methodology part and will be the Hotel Sacher Wien, a privately owned luxury 5 star superior hotel in Vienna.

## 2.5 Success Factors

In the literature of hotel related study disciplines like Hotel Asset Management, Finance, Accounting and Marketing the authors use different terminology for the measurements, which define the quantitative performance of a hotel. Definitions such as key performance indicators, metrics, measures, benchmarks, ratios, factors, values, critical success factors, etc. can be found. Often they use different terms for the same measurement. For example Ferris and Wallace (2011) use “ratios” for the financial profitability values, Taillard (2013) uses the term “metrics” and Denton et al. (2009) use the term financial performance “measures” and “benchmarks” for the same values. STR Global (2015) uses the term “key performance measures” for their tools and analysis and Parmenter (2015) uses “key performance indicators” (KPIs) for a number of the same values.

In this paper the term “success factor” will be used as an overall term for the different kinds of measurement terms. It describes quantitative as well as qualitative values in relation to proposed marketing expenditures, which influence the hotel performance. There is a main distinction between quantitative and qualitative factors. Quantitative factors are based on the amount or size and they are measured by quantity while qualitative factors are based on quality and describe the composition of a factor. Before analysing the qualitative success factors it is important to understand the quantitative success factors of the hotel business.

## 2.6 Quantitative Success Factors

The quantitative success factors (QnSFs) for the hotel business are shown in the measures and benchmarks for the hotel performance. STR Global (2015), one of the leading hotel benchmark companies in the world tracks data of supply and demand of hotels to create a market share analysis on a quantitative basis. Their main measures are based on the ADR (Average Daily Rate), the OCC (Occupancy) and the RevPAR (Revenue per available Room) of the hotel. They compare the quantitative data based on the market share of a hotel and provide various indices of the measures, which show the own fair share in relation to the market share. On the STR Global’s website they provide a comprehensive list and the terminology of quantitative factors in their glossary.

Denton et al. (2009) offer a comprehensive list of quantitative values used to assess the Hotel Asset Managers performance. This basis for the assessment gives a clear overview of quantitative success factors of a hotel’s overall performance. They separate the quantitative factors into measures and benchmarks and they subdivide the hotel’s performance into value creation, financial performance, operating performance, asset utilization performance and growth performance. In each of the groups they provide detailed ratios. However, they are not going into details concerning the qualitative measures and benchmarks, but only mention relationship and quality measures. In their specific case the relationship to the operator and owner in

the perception of a hotel asset manager and the quality score of a hotel as qualitative measurements is shown. The following Table 2-2 shows an overview of all quantitative factors based on the findings of Denton et al. (2009).

<b>Common Hotel Performance (quantitative)</b>		
<b>Performance</b>	<b>Measures</b>	<b>Benchmarks</b>
<b>Value creation</b>	Market value of hotel asset	Increased value, comparison to investment objectives set at acquisition
<b>Financial performance</b>	Revenue, rental income, GOP (Gross Operation Profit), Net Profit, EBITDA (Earnings before Interest, Tax, Depreciation and Amortization), IRR (Internal Rate of Return), ROI (Return of Investement), underwriting returns, maximizing debt coverage ratio	Returns compared to NCREIF (Property Index Return), EBITDA compared to Public REITs, returns compared to assets potential, incremental income associated with tenant growth, compared to underwriting, budget
<b>Operating performance</b>	OCC (Occupancy), RevPAR (Revenue Per Available Rooms), ADR (Average Daily Rate), competitive set, market share, operating efficiency	Comparison to budget and competitive set, RevPAR index, ADR index, occupancy index
<b>Asset utilization</b>	Capex (Capital expenditure)	Capital plan implementation, capital expenditure budget
<b>Growth</b>	NOIPAR (Net Operating Income Per Available Room), change in asset market value, operational efficiency improvement, forecast variance analysis, ability to find investment opportunities, RevPAR growth index, incremental market share	Year over year

TABLE 2-2 QUANITATIVE MEASURES AND BENCHMARKS

SOURCE: DENTON ET AL. (2009), TABLE CREATED BY THE AUTHOR

This quantitative data in form of measures and benchmarks can be the fundament of decisions about marketing expenditure alternatives. For example a trade show in a foreign country can be evaluated because of previous outcome of room night bookings from customers who attended the same trade show several years before. The probability to get a similar return of investment for the future participation can be taken into consideration for the decision making process. Therefore it is easier to make decisions based on quantitative information.

What if there is only limited quantitative data? Which of the alternatives are important and will create more business success for the hotel? This paper will focus on the qualitative factors of a luxury hotel and will be discussed in the next chapter, the research of qualitative success factors.

### 3 RESEARCH: QUALITATIVE SUCCESS FACTORS (QLSFs)

#### 3.1 Introduction

The purpose of this chapter is finding qualitative success factors (QLSFs) in the literature, which are relevant for the hotel industry and could be used to understand the qualitative importance and influence for the business performance. The aim of the research is to get better insights and an overview of QLSFs in general. The findings are the fundament for the methodology part for the case study hotel. The description and definition of each QLSF also should serve for understanding and sensitization of qualitative influences for marketing expenditure in the hotel industry.

Furthermore the findings should answer one part of the research question - Is it possible to find and create a selected list of QLSFs relevant for hotel's marketing expenditure?

During the research several possible QLSFs have been uncovered, however, no reference paper with a comprehensive list of factors, which was associated especially to the hotel industry or marketing expenditures could be found. Hence, the following list of qualitative factors has references from different branches and segments and therefore no specific order of importance at this stage. In the methodology part of this paper the outcome of the cooperation with the case study hotel will provide a reasonable order of those factors. Hereinafter the qualitative success factors are listed after one another in an arbitrary order.

#### 3.2 QLSF - Corporate Reputation

Chun (2005) did interesting research about the meaning and measurement of corporate reputation. Corporate reputation attracts not only academic disciplines but is also valuable for business and media. Two key variables have been discovered, which are most often used to explain reputation: image and identity. Based on her findings these two allied constructs clearly show the importance and high value for companies. Therefore they have to be considered as a QLSF. Image is the element of *"how others see us"* whereas identity is the element of *"how we see ourselves"*. Since there are many different definitions of the term reputation it is likely to be confused about it. However, Chuns's research shows, that the key variables of reputation are image as a *"summary of the impressions or perceptions held by external stakeholders (Bromley 1993; Davies and Miles 1998)"* and identity in terms of the view of internal stakeholders i.e. employees.

### 3.2.1 Corporate Image

Nguyen (2006) defines corporate image as something that comes into the customer's mind when they hear the name of a company. Kandampully and Hu (2007) found out that corporate image is an important factor for the hotel business, which influences the customer's loyalty. They describe two principal components of corporate image, the functional and the emotional image. The functional components are characteristics that can be measured such as the physical environment of the hotel. The emotional components on the other side are psychological characteristics such as feelings and attitude about the hotel. For the hotel business this psychological dimension can be communicated with the values and the quality of the hotel.

It can be helpful to separate these two components of the factor corporate image and evaluate and weight them in greater detail. According to Lawson (1995) the functional profile of a hotel consists of the type of accommodation, the hotel category/classification, the size, the location and the design. All these elements influence the customer's perception of the functional corporate image. The second component, the emotional part can be assessed due to the quality and the values of a company (Kandampully and Hu 2007). As a success factor it can provide information if the marketing option fulfills the own requirements of quality and values and if it will have a positive impact on the image of the hotel. To decide about marketing activity alternatives by considering corporate image it is important to know the own positioning in the functional and emotional components.

### 3.2.2 Identity – Corporate and Organizational Identity

The second key variable of corporate reputation based on the findings from Chung (2005) is identity, which can be divided into the organizational identity and the corporate identity. Cornelissen et al. (2007) define organizational identity as *"The shared meaning that an organizational entity is understood to have that arises from its members' (and others') awareness that they belong to it"*. In other words based on their findings organizational identity can be seen *"as an interpretative system, or as a set of shared cognitions or shared language and behaviours."* Albert and Whetten (1985) describe the organizational identity as the employees perception of the organization with the question *"who are we?"* or *"how do we see ourselves?"* Concerning a marketing expenditure the question could be how much does it influence how much is it in line with the organizational identity.

Cornelissen et al. (2007) defines corporate identity as *"the distinctive public image that a corporate entity communicates that structures people's engagement with it"*. Bernstein (1984) sees corporate identity as a desired identity used for more popularity or as a strategic identity. In other words: *"How we want others to see ourselves"* Chung (2005).



Melewar and Karaosmanoglu (2006) refer in their study about corporate identity to the earlier findings of T.C. Melewar who categorize corporate identity into seven dimensions; corporate communication, corporate design, corporate culture, corporate behavior, corporate structure, industry identity and corporate strategy. They created a revised concept and sub-items of those dimensions shown in Figure 3-1. Their comprehensive overview of corporate identity with the seven dimensions and sub-items provide a clear picture for a better understanding of this qualitative factor and therefore could support the decision making process. Moreover, each of the dimensions could be used as a separate QLSF or could at least provide a basis for the evaluation of the corporate identity. The importance of each dimension for a marketing expenditure could be evaluated separately.

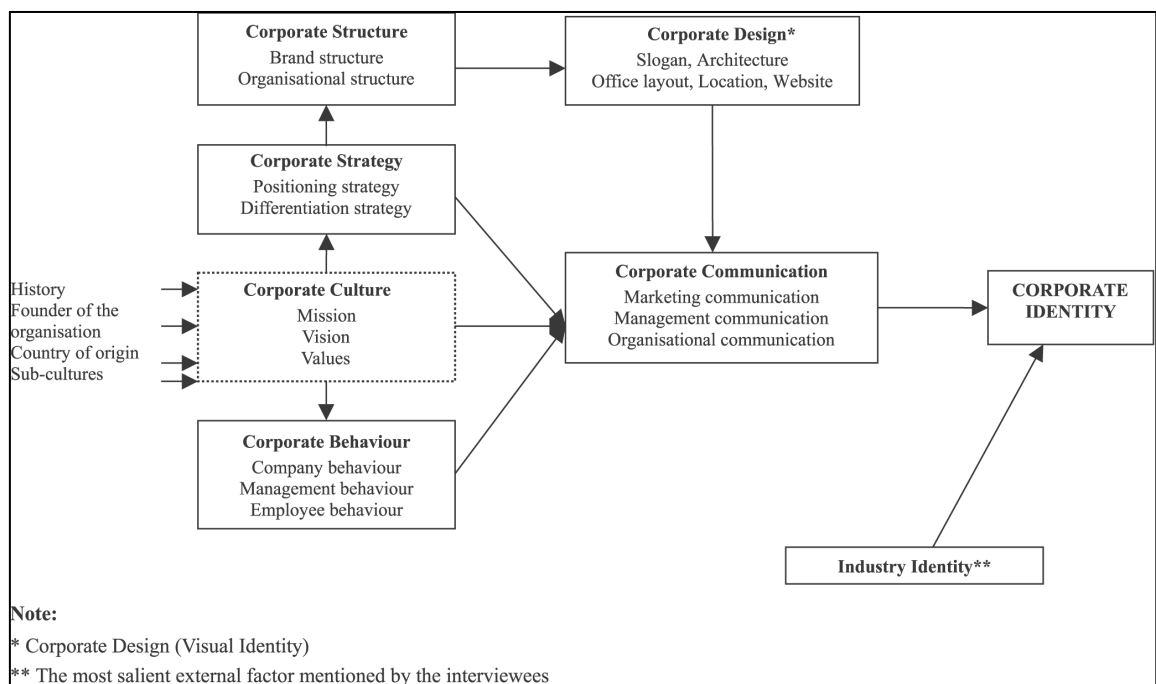


FIGURE 3-1 DIMENSIONS OF CORPORATE IDENTITY

SOURCE: MELEWAR AND KARAOSMANOGLU (2006)

The organizational identity as well as the corporate identity with its dimensions could also be used separately as independent qualitative success factors.

Concluding, corporate reputation of a hotel could result in the following selection of qualitative success factors:

- Functional Corporate Image – Our hotel type, category, location, design, size
- Emotional Corporate Image – Our quality and values (green/sustainable/luxury image)
- Organizational Identity – Who we are / How we see ourselves
- Corporate Identity – How we would like to be seen/How we want others to see ourselves
  - Corporate Culture

- Corporate Behaviour
- Corporate Strategy
- Corporate Structure
- Corporate Design
- Corporate Communication
- Industry Identity

### 3.3 QLSF - Brand Prestige

Does prestige – “a widespread respect and admiration felt for someone or something on the basis of their achievements or quality” (Oxford Dictionaries) - qualify as a success factor? Beak et al. (2010) defines brand prestige “as a relative high status of product positioning, which is associated with the brand” and which “does not affect all individuals in the same degree”. A high perceived value in a brand constitute an important part of building a strong brand. Among other things, they analyzed the influence of brand prestige in the brand purchase intention and discovered that brand prestige carry out positive influence on purchase intentions. The outcome of their findings underlies the importance of the factor prestige and therefore provides a solid basis for considering this factor for the luxury hotel industry.

Vigneron and Johnson (1999) developed a conceptual framework of prestige-seeking consumers and define prestige for brands, which are exhibiting five perceived values: conspicuous, unique, social, hedonic and quality value. “Consumers develop prestige meanings for brands based upon interaction with people (e.g., aspired and/or peer reference group), object properties (e.g., best quality), and hedonic values (e.g., sensory beauty)” on personal and societal levels. According to their research three types of brands are categorized as prestigious; up-market brands, premium brands and luxury brands. The study focuses on the luxury hotels industry, which is on the high end of the three prestige levels, mainly the luxury level. Their findings explain the value of prestige and help to understand the consumers view. They give a useful contribution for market segmentation and market positioning. Finally they define the factor prestige also as a possible brand advantage.

Once a competitive advantage due to prestige could be achieved it contributes to an organization’s success and can be considered as qualitative success factor. A precondition for the decision makers who evaluate prestige concerning marketing expenditures is the knowledge of the own standing and positioning and the knowledge of prestige and its values for the own firm. Only when these specific definitions are established brand prestige qualifies as a QLSF.

- Prestige – high perceived brand value (in the luxury level perceived conspicuous, unique, social, hedonic and quality values)

### 3.4 QLSF - Brand Awareness

Aaker (1991) describes a brand as a distinguishing name or symbol, which is intended to identify the goods or services and to differentiate them from the competition. According to Wheeler (2013) a brand is an emotional connection to customers and stands out in the marketplace and multiple choices of the competition. *“People fall in love with brands, trust them, and believe in their superiority”*. Furthermore, Wheeler (2013) formulated three important questions about the brand: Who are you? How will they find out? Why should they care? All three questions are relevant for the awareness of the brand. Awareness is *“the knowledge or perception of a fact or situation”* (Oxford Dictionary). In other words brand awareness is the knowledge and perception of a brand.

Why brand awareness? Based on the findings of Macdonald and Sharp (2000) brand awareness is a dominant choice tactic and has an important effect on consumer decision-making. The results of their replication study shows that brand awareness is important for new decision tasks and the awareness of one brand in a choice set reduces the sample of other options. Furthermore, they found out that brand awareness is important when facing familiar or repeat choice tasks as well and that even when consumers break the habit to use awareness heuristic they will return. In other words, brand awareness plays an important role for consumer's choices and should therefore be an important success factor for the hotel industry.

Aaker (1991) writes about the values of brands specified in brand equity, that is *“a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers”*. He distinguishes five categories of brand equity: brand loyalty, name awareness, perceived quality, brand association (in addition to perceived quality and other proprietary brand assets (patents, trademarks, channel relationship etc.)). Moreover, brand equity creates values for both, the customer and the firm. For the customer a brand creates value in terms of easier interpretation/processing of information and confidence in the purchasing decision. This experience enhances the customer's satisfaction. Brand equity provides value for the firm by increasing efficiency/effectiveness of marketing programs, brand loyalty, prices and margins, brand extensions, trade leverage and by creating a possible competitive advantage. His approach of brand equity including the awareness of brands shows the importance for the business and therefore provides a plausible reason to be considered as a qualitative success factor (QLSF) and should be considered for decisions about marketing activities.

To make decisions about marketing expenditures in the light of the QLSF brand awareness it is useful to understand the brand touch points. According to Wheeler (2013) the following brand touch points are relevant for hotels shown in Figure 3-2. This overview provides additional information to analyse the QLSF brand awareness for marketing expenditures. For example the participation of a trade show in a foreign country has different brand touch points than other

marketing activities. Furthermore, it shows how many touch points a brand could have at all and which one could be considered additionally.

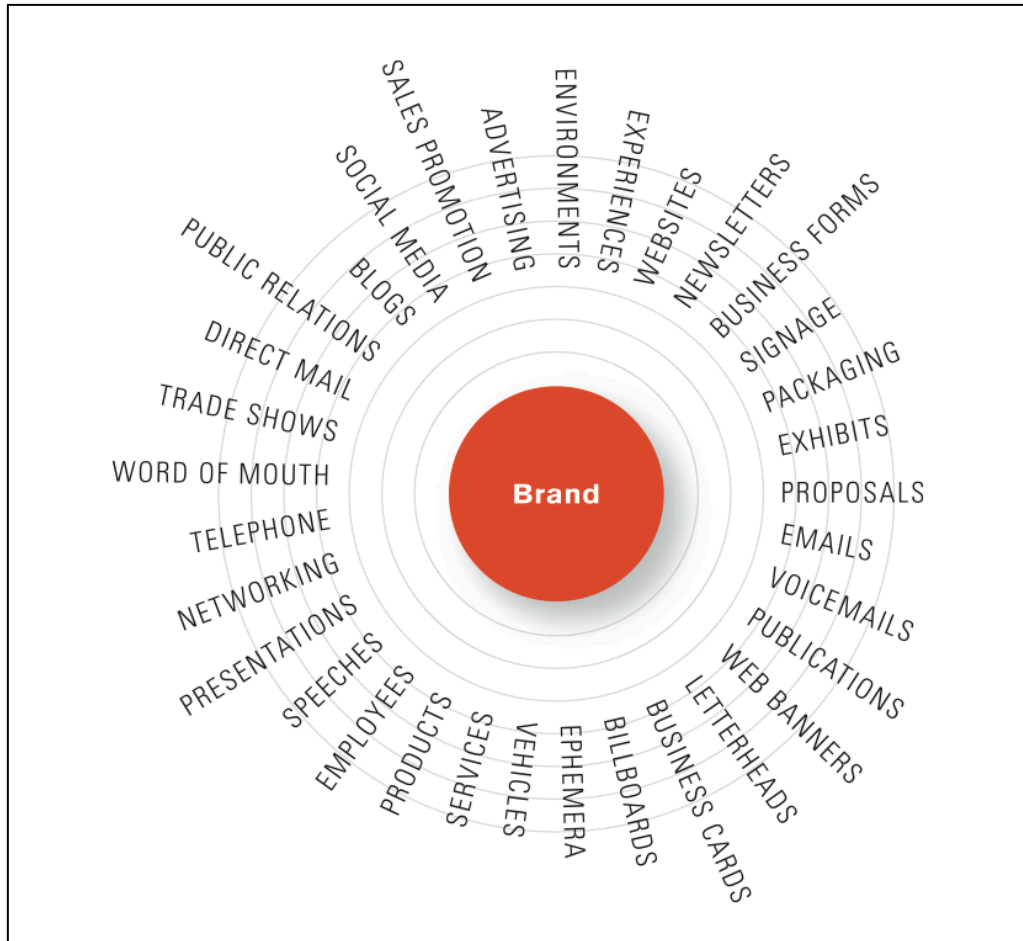


FIGURE 3-2 BRAND TOUCH POINTS  
SOURCE: WHEELER (2013)

The next Figure 3-3 depicts the main touch points of a hotel guest concerning a stay in a hotel. *“Donovan/Green identified moments of truth for a hotel guest that ranged from sighting the hotel from the highway, walking into the front lobby, and glimpsing into the room. The firm viewed each touch point as an opportunity to create a memorable and positive experience to support the brand culture.”* Wheeler (2013)

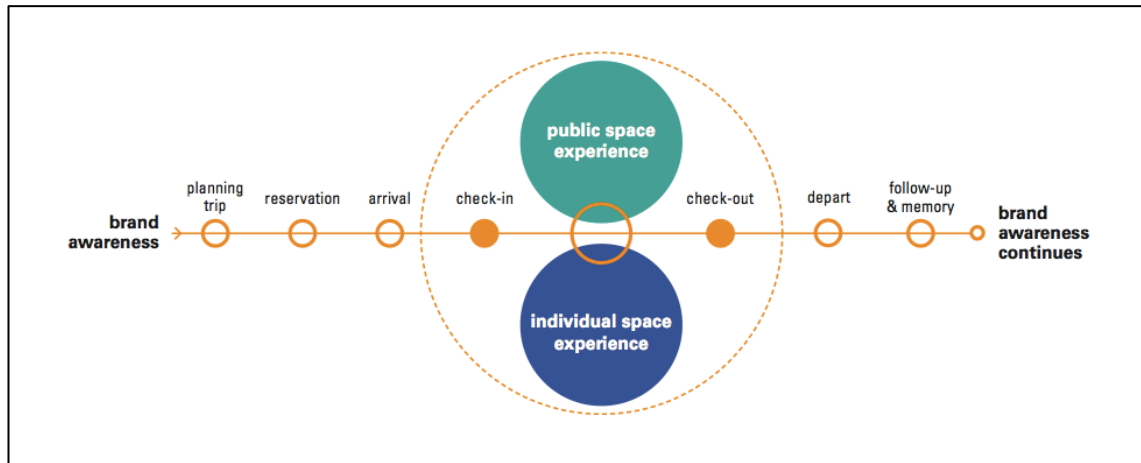


FIGURE 3-3 TOUCH POINTS BRAND AWARENESS - HOTEL

SOURCE: WHEELER (2013)

Hoeffler and Keller (2002) believe that *“brand awareness refers to the customers’ ability to recall and recognize the brand”*. Additionally, the brand is linked with certain associations of the customer’s memory. They divide brand awareness into two key dimensions: On the one side the depth of brand awareness, which defines how easily customers can recall or recognize the brand. On the other side the breadth of brand awareness, which defines that the brand comes into mind in a range of purchase or consumption situations. Both dimensions could be used separately as QLSFs. The separate consideration of those dimensions could provide more detailed information about the decision of marketing expenditures but on the contrary, this differentiation might be too complicated for the evaluation of a decision maker because of the lack of theoretical knowledge.

Moreover, Hoeffler and Keller (2002) define recognition and recall as two important measures of brand awareness. These two measures of brand awareness could be used as an additional separate QLSFs. A hotel could consider both measures separately when making a decision for a hotel marketing expenditure for example a decision for an investment into a trade show in another city. The participation at this tradeshow could support the brand awareness recognition in terms of b2b (business to business) clients who already had positive experience with the hotel and recognize the brand of the hotel at the tradeshow. The participation at a trade show does not enhance the brand recall (from memory) predominately, however the presence at the trade show could influence the link between the product category rooms with the own Hotel brand, hence could be also an important factor when booking or recommending a hotel the next time. It might be important to distinguish between brand recognition and brand recall but this does not necessarily require two separate QLSFs for the evaluation of the specific marketing expenditure. Is it necessary to differentiate brand awareness at all? On the one side the fragmentation of brand awareness could be used for the generation of separate QLSFs and on the other side alternatively just as further explanation of brand awareness as one factor.

In conclusion, following QLSFs could be extracted:

- Depth brand awareness – easiness of recall and recognition of brand
- Breadth brand awareness – situations where brand comes into mind
- Brand awareness recognition – confirmation of prior exposure to the brand
- Brand awareness recall – unaided retrieval from memory (link between brand and product) product-related information

### **3.5 QLSF - Market Presence**

Some marketing expenditures include the own presence in a market, i.e. participation at a trade show in a foreign country. This foreign country could represent a potential market to generate business for the hotel. The presence is an important factor and can influence the positioning and eventually the success of a firm. Besides the evaluation of a marketing activity, which includes the communication, relationship building, brand awareness, etc. the question is if this physical presence itself could be a separate success factor, for example the physical presence of a hotel representative in the foreign country on a trade show.

An important criterion for the own presence is the presence of the competitors. In other words, it could be a disadvantage if a competitor participates and the own company does not or it could be a competitive advantage on the other side if the own company does participate and the competitor does not. According to Rust et al. (2004) *“The competitive environment has a profound influence on the nature of marketing productivity. Marketing expenditure decisions are often made ... with the competition in mind”*. The increase of the market share usually correlates with the increase of the firm’s value. The presence in a market enables the hotel to increase the market share and can therefore influence the firm’s success. This circumstance allows that market presence itself could be seen and qualified as a QLSF, in the luxury hotel industry.

How important is it for the hotel to be present if the hotel’s competitors are? How much importance does the own presence or absence have considering the competitive environment? More or less this is a strategic decision and depends on the positioning in each market and could also be considered during the decision making process about marketing activities. Market presence can be a QLSF, which can be weighted in relation to other QLSF to define the importance of a single possible marketing expenditure.

The QLSF market presence could be stated as follows:

- Presence of the competition (i.e. main competitor) in the target market
  - Presence option 1: own YES – competition NO → how important?
  - Presence option 2: own NO – competition YES → how important?
  - Presence option 3: own YES – competition YES → how important?
  - Presence option 4: no information about competition presence

### 3.6 QLSF - Publicity

Publicity is something that attracts the attention of the public usually by the media and without paying for it. It is a *“type of promotion that relies on public relations effect of news story carried usually free by mass media. The main objective of publicity is not sales promotion, but creation of an image through editorial or ‘independent source’ commentary.”* (Business Dictionary). As it can influence the image of a hotel it should also be considered as an important success factor. Henry Adams (1902), writes about the meaning of publicity and points out the principles of publicity, which are *“pertinent (relevant) and timely”*.

Furthermore, Adams believes that publicity can be considered from three different points of view, the general significance, the particular significance and the administrative significance. The general significance is more or less *“the state of the public mind which publicity is designed to create”*. The particular significance is described as *“the interest which publicity is designed to serve”* and the administrative significance is *“the claim which publicity submits for successful realization”*.

Both important characters of publicity, being relevant and timely should be taken into account when talking about publicity as a QLSF for marketing expenditures as well as the view of significance.

According to Ehrenberg et al. (2002) some publicity is free but much is paid for it. To achieve an impact publicity has to be highly creative. In this paper publicity will be seen in respect of exposure free of charge by achieving an additional positive impact on public attention of a marketing expenditure. The participation at a trade show for example could also be considered in the view of publicity. The main outcome of this marketing expenditure is not planned for publicity but the attendance of a hotel itself on the trade show could be described in an article of a professional hotel magazine or journal. Moreover most of the organization firms of trade shows have their own media and communication channels where they report stories about the participating hotels. This means that this example of a marketing expenditure could have an additional qualitative outcome in terms of publicity. In other words the qualitative factor pub-

licity can influence the outcome of the marketing expenditure positively and therefore has a certain level of importance.

- Publicity

### **3.7 QLSF - Relationship building**

*“Enduring relationships with customers cannot be duplicated by competitors, and therefore provide for a unique and sustained competitive advantage”.* Among others, statements like this one from Buttle (1996) offer a good reason to consider relationship building as a qualitative success factor (QLSF). But, which relationships to whom? Buttle (1996) describes the relational exchanges in relationship-marketing and he groups them into supplier, lateral, internal and buyer partnerships. Supplier partnerships are separated into goods and service suppliers, lateral partnerships contain competitors, non-profit organizations and government, internal partnerships contain business units, employees and functional departments. Buyer partnerships are divided into intermediate and ultimate customers. However, he points out three main relationships as a heart of most relationship marketing: the relationship from the company to the intermediary, from the company to the consumer and from the company to the employees.

Gummesson (1994) writes about the importance of relationship marketing for companies and created an assembly of thirty relationships (The 30Rs) for marketers with the target to make marketing easier for them. He distinguishes them into the following different relationship groups: nano relationships, individual relationships, mass marketing relationships, market relationships, inter-organizational and mega relationships. Market relationships for example are externally oriented and involve the contact from supplier to customer, seller to buyer, suppliers to competitors, front-line personnel to customer, etc. With this comprehensive assembly of possible relationships he provides an interesting and complex list. The different relationships or groups of relationships could be relevant for QLSFs depending on the particular marketing expenditure.

Relationship is the way in which people or things are connected to each other and in the context of this research this means the connection between managers or employees of a hotel's marketing department and other stakeholders. For marketing departments the relationship to customers is obviously the most important one due to the fact that they bring the business directly to the hotel. Many alternatives for marketing activities provide possibilities to increase the relationship to customers as well as other stakeholders of the hotel. Lesourd and Schilizzi (2001) describe the firm's stakeholder categories, which are summarized in Table 3-1. They segment them into two dimensions, on the one side internal and external stakeholders and on



the other side direct and indirect stakeholders. The following table provides additional stakeholder information relevant for the hotel industry in brackets created by the author.

**The firm's stakeholder categories**

Stakeholders	Internal	External
<b>Direct</b>	<p>Managers</p> <p>Employees</p> <p>(Owners)</p>	<p>Shareholders, Investors</p> <p>Lenders, Insurers</p> <p>Customers (hotel guests, corporate clients, leisure clients: wholesalers, tour operators, booking platforms)</p> <p>(Hotel Competition)</p> <p>Suppliers (Food &amp; Beverage, dry cleaner's, etc.)</p> <p>Tax agency, Local Community</p> <p>Public Institutions (Tourist Board, Economic Chambers)</p> <p>(Demand generators: Museums, Sights, Attractions)</p>
<b>Indirect</b>	<p>Consultants</p> <p>Sub-contractors (Hotel representations)</p> <p>(Hotel affiliations)</p>	<p>Media</p> <p>General public (Society)</p> <p>NGO's</p> <p>(Other Hotels)</p> <p>Professional Organizations</p> <p>Environmental groups</p> <p>Government agencies</p>

TABLE 3-1 STAKEHOLDER CATEGORIES

SOURCE: LESOURD AND SCHILIZZI (2001), CREATED AND SUPPLEMENTED BY THE AUTHOR

Another assembly of general key stakeholders is provided by Wheeler (2013) in Figure 3-4. This figure shows an extensive selection of key stakeholders, which are connected to a brand and therefore offers a plausible basis for possible relationships for a hotel.



FIGURE 3-4 KEY STAKEHOLDERS  
SOURCE: WHEELER (2013)

To get an overview of the importance and the influence ability of the firm's stakeholders Frentz (2014) created a stakeholder analysis (Figure 3-5) on the basis of Michael E. Porter's findings. This analysis brings the two dimensions of power and interest of the firm's stakeholders together. The first dimension on the x-axis shows the highness and lowness of the stakeholder's influence, which constitutes their power. The second dimension on the y-axis shows the importance of those stakeholders, that is their interest. Bringing these two dimensions together results in the classification of the priority of the stakeholders and is shown in four quadrants. Low influence and low importance of stakeholders have the least priority, hence highest importance and highest influence have the highest priority. Those stakeholders are the "play makers". Relationships with those stakeholders are extremely reasonable. High importance but low influence points out the opportunity to improve the influence and low importance but high influence means to optimize the process. Hotels could make their own indi-

vidual stakeholder analysis. The outcome of the analysis indicates the most vital relationships to stakeholders of the firm and also shows the fundament of possible strategies how to improve relationships to stakeholders in the lower quadrants. The stakeholder analysis shown in Figure 3-5 could also be a useful tool to monitor the relationships to the important stakeholders.

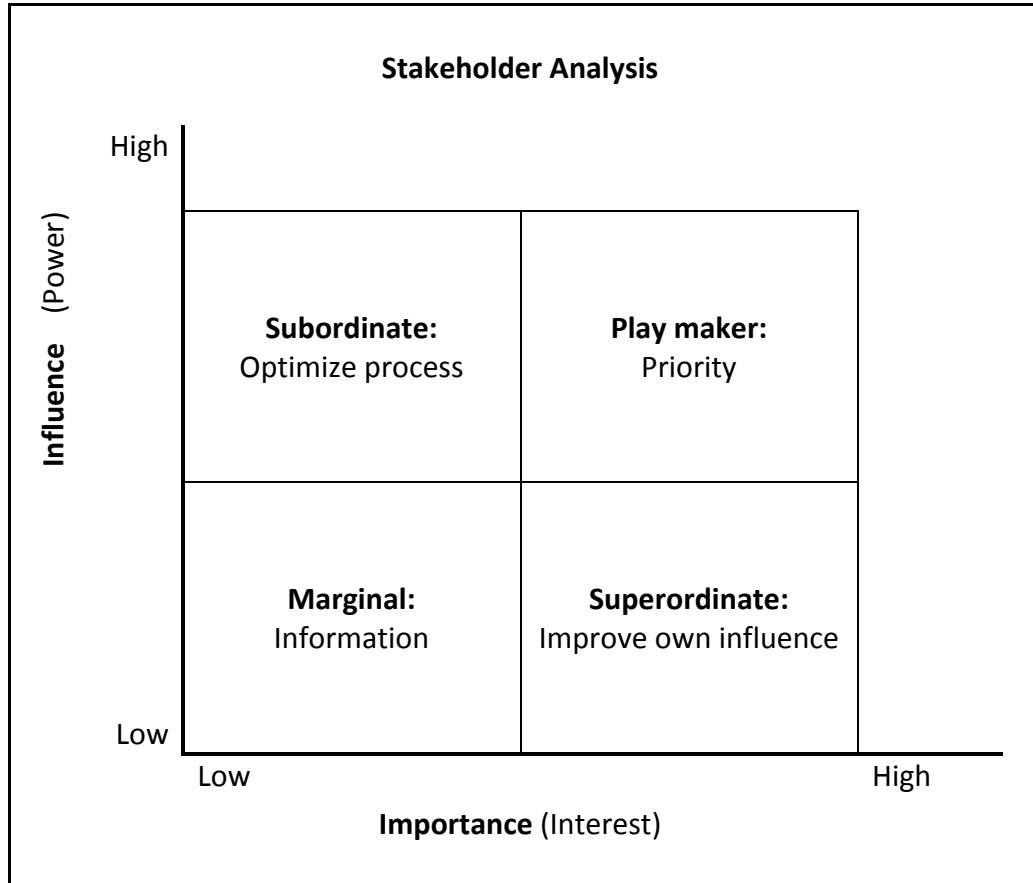


FIGURE 3-5 STAKEHOLDER ANALYSIS

SOURCE: FRENTZ (2014). FIGURE CREATED BY THE AUTHOR.

Based on the research findings and on the stakeholder analysis by Frentz (2014), following external relationships could be important for the success of the hotel business and therefore are extracted and considered as QLSFs for marketing expenditures in this paper:

- Relationship to customers (companies, tour operators, wholesalers, platforms, etc.)
- Relationship to hotel guests (end consumer)
- Relationship to other hotels (exchange of information, knowledge, support, etc.)
- Relationship to direct competition (overbooking, booking overflow, information)
- Relationship to institutions (Tourist Board, Economic Chamber)

Depending on the specific marketing expenditure a certain choice of stakeholder relationships could be optional selected.

### 3.8 QLSF - Organization's Vision

According to Collins and Porras (1996) a company's "*vision provides guidance about what core to preserve and what future to stimulate progress toward*". They defined two major components for the firm's vision, the core ideology and the envisioned future.

The first major component, the core ideology consists of two distinct parts, the core values, which are timeless guiding principles and tents and the core purpose, which is the organization's reason of being and captures it's soul. The core values come from the founder's deep personal and inner belief as a kind of credo and "*must stand the test of time*". Collins and Porras (1996) did a research about large and visionary international companies like Sony, Merck, Walt Disney, Nike, 3M, etc. They found out following statements of those companies defining their core values: "Service to the customer above all else", "respect for the individual", "encouraging individual initiative", "quality", "leading-edge innovation" and "honesty and integrity". Khandelwal and Mohendra (2010) highlight following core values for companies according to their research: "customer obsession", "fast/flexible/first mover", "innovation and creativity", "networking and partnership" and the core value "openness and learning". Collins and Porras' (1996) second part of the core ideology, the core purpose represents the organization's reason for being. It answers the questions about why the company is doing what they do. "*The purpose is like a guiding star on the horizon – forever pursued but never reached*". In the vision statement of Marriott International for example their purpose is stated "*Open doors for a world of opportunities*" or the 3M' purpose: "*To solve unsolved problems innovatively*". According to the TED talks speech of Sinek (2009) everything starts with the Why and "*people believe what you believe*". Furthermore the company's success relies on the knowledge of people why the company is doing what they do. He underpins the theory of how important it is to know the firm's reason and therefore its core purpose.

Collins and Porras' (1996) second major component of the vision besides the core ideology is the envisioned future that is the firm's long-term goal and a vivid description how to achieve it. According to their research this kind of goal is defined as "*BHAG*", which stands for Big, Hairy, Audacious Goal. It should be understandable, engage people and last for several years. The vivid description of such a goal should consist of passion, emotion and conviction.

Both major components of the vision with its separations are essential for the long-term success and survival of a company brand and should therefore be considered as QLSFs. The separate distinctions are important for the understanding of the firm's vision and could support the

executive management when making decisions for marketing expenditures. The decision for a hotel's marketing expenditure selection should be based on the compatibility with the hotel's vision, the core values, the core purpose and the core goal. For a decision maker these qualitative factors could support the evaluation of a specific marketing expenditure. How important are these factors overall for the company? How important is the expenditure for the hotel's core values, the core purpose and the goal or how much is it in line with those factors?

To conclude, following parts of the vision could be considered as separate QLSFs:

- The hotel's core values – timeless guiding principles (core ideology)
- The hotel's core purpose - the company's reason of being (core ideology)
- The hotel's core goal - envisioned future (BHAG Big Hairy Audacious Goal including a vivid description)

### **3.9 QLSF - Owners qualitative objectives**

Denton et al (2009)'s write about owner's objectives in the context of an owner self-assessment as a preparation for contract negotiations for a hotel asset manager. Additionally to the quantitative objectives they mention non-quantitative critical factors: control, image enhancement, and employment of family members. These qualitative objectives seem to be of high importance for hotel owners and could constitute a strong factor in the perspective of an owner. Hence, they should be taken into consideration for QLSFs.

Walker and Brown (2004) although point out the importance of non-financial factors for the small business ownership besides financial objectives. As factors they used for example personal satisfaction, independence, flexibility and lifestyle. Furthermore, they created for their research questionnaire statements like *"Giving people a job gives me a great personal satisfaction"* or *"I think of my business in something that my children can become involved in"* both based on qualitative owner's objectives. Those examples of objectives could be used as QLSFs depending on the specific marketing expenditure.

The hotel owner's individual objectives could be transformed into QLSFs and incorporated into the list of QLSFs in this case in the methodology part. The owners of the case study hotel could be asked which kind of qualitative factors are important for the hotel's business and if they would like to integrate into the list of QLSFs to evaluate a specific marketing expenditure.

Possible examples of owner's objectives:

- Owner's personal vision
- Owner's qualitative goals
- Owner's family involvement

- Owner's objective – sustainability

Depending on the owner and his or her perspective of the importance of a particular factor, their qualitative objectives could also be used as a knock-out criterion.

### 3.10 QLSF - Compliance/Code of Conduct

*“Compliance is either a state of being in accordance with established guidelines or specifications, or the process becoming so”* Techtarget (2016). The established compliance guidelines could be captured in a code of conduct or code of ethics. Based on the findings of Adam and Rachman-Moore (2004) the usage of an ethical code of conduct has increased in recent years in Europe, Australia and in the USA, partly because of the good managerial practice respecting the internal and external stakeholders. Furthermore multi-international organizations *“use the ethical code of conduct as an instrument to guide ethical decision-making processes so as to over-rule differences in the ethical norms of employees from different cultures.”*

The Intercontinental Hotel Group, IHG (2016) offers a comprehensive code of conduct, which is a representative example for hotel industry. Their commitment: *“At IHG, doing business responsibly is part of our DNA”*. The following examples of compliance issues can be found in the code of conduct of IHG (2016): Conflict of Interest, Bribery and Corruption, Anti-trust/Competition, Safety and Security, Environment, Human Rights, Political Activities, etc. The following questions have been formulated to help when employees are faced with difficult issues or situations. Some of those questions are recommended be used to evaluate if a specific marketing expenditure is in line with the hotels compliance guidelines: Is it legal? Is it ethical? Is it safe? Is it consistent with the firm's code of conduct?

As an example the Mandarin Oriental (2011) luxury hotel group describes it's code of conduct in their sustainability report as follows *“...our code of conduct requires that we comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments and requires all colleagues to be treated fairly, impartially and with respect ...”*

Compliance itself isn't predominately a success factor but it could be considered for decisions about marketing expenditure alternatives. A marketing expenditure could contravene against the firm's code of conduct and therefore should be eliminated from the list of possible investments. In other words compliance could be a knock-out criterion. Making marketing expenditure decisions without consideration of compliances issues could trigger negative effects on the business success and therefore constitute an important qualitative factor.

- Compliance – in line with the hotel's code of conduct? Yes or No?

- Is the marketing expenditure legal?
- Is it ethical?
- Is it safe for the employees?

### **3.11 Conclusion**

#### **3.11.1 Summary**

Generally, a large number of possible qualitative factors can be found in the literature, which can influence or affect the hotel business. With the findings of this paper the author raises no claim of completeness of all qualitative factors concerning marketing expenditures in the hotel industry. The findings should be more likely understood as a basis of optional qualitative factors and the list could be adapted for individual purposes. When selecting a QLSF for a specific hotel it should be considered as reasonable and understandable for the management involved and for the employees.

Below a short description and definition of each QLSF is given in order to provide a quick overview. This summary will also be the fundament for the final selection for the case study hotel in the next chapter.

#### **QLSF - Corporate Reputation**

- Functional corporate image – Our hotel type, category, location, design, size
- Emotional Corporate Image – Our quality and values (Green/Sustainable/luxury image)
- Organizational identity – Who we are
- Corporate identity – How we would like to be
  - Corporate Culture
  - Corporate Behaviour
  - Corporate Strategy
  - Corporate Structure
  - Corporate Design
  - Corporate Communication
  - Industry Identity

#### **QLSF - Prestige**

- Prestige – high perceived brand value (in the luxury level perceived conspicuous, unique, social, hedonic and quality values)

#### **QLSF - Brand Awareness**

- Depth brand awareness – easiness of recall and recognition of brand
- Breadth brand awareness – situations where brand comes into mind
- Brand awareness recognition – confirmation of prior exposure to the brand
- Brand awareness recall – unaided retrieval from memory (link between brand and product) product-related information

#### QLSF - Market Presence

- Presence of the competition (i.e. main competitor) in the target market
  - Presence option 1: own YES – competition NO → how important?
  - Presence option 2: own NO – competition YES → how important?
  - Presence option 3: own YES – competition YES → how important?
  - Presence option 4: no information about competition presence

#### QLSF - Publicity

- Publicity

#### QLSF - Relationship Building

- Relationship to customers (companies, tour operators, wholesalers, platforms, etc.)
- Relationship to hotel guests (end consumer)
- Relationship to other hotels (exchange of information, knowledge, support, etc.)
- Relationship to direct competition (overbooking, booking overflow, information)
- Relationship to institutions (Tourist Board, Economic Chamber)

#### QLSF - Vision

- The hotel's Core Values – timeless guiding principles (core ideology)
- The hotel's Core Purpose - the company's reason of being (core ideology)
- The hotel's Core Goal - envisioned future (BHAG Big Hairy Audacious Goal including a

#### QLSF - Owner QL Objectives

- Individual QL Objectives

#### QLSF - Compliance

- Compliance – in line with the hotel's code of conduct



### **3.11.2 Relevance for the hotel business**

The research about qualitative factors in the theory gives a solid cross section with interesting insights of marketing issues relevant for the hotel business. The findings of the research in the literature can be used as a reference book or book of facts for the marketing department of a hotel. They provide a basis to define the qualitative influences for a particular hotel. Furthermore, the findings could serve as an additional training dossier to train new staff in the marketing department. Finally the research findings could be supportive for the argumentation of marketing expenditure alternatives.

### **3.11.3 Limitations**

The literature did not contain a coherent list of qualitative factors, which covers a holistic selection of QLSFs specifically for the hotel industry. Hence, the research is based on individual references from different branches and segments.

In the eye of the beholder the valuation of the importance and influence of QLSFs will always be subjective. Therefore it is impossible to define a complete list representing all possible qualitative factors. The research findings can only be seen as a basis and the list of selected QLSFs as a running working sheet, which can be changed case-by-case for individual purpose.

The findings of the research part will be used in the next chapter, the methodology part, and will be modified for the purposes of the case study hotel.

## 4 METHODOLOGY

### 4.1 Introduction

This chapter will present the methodology part with the main objective to find solutions for the research question and to support the decision-making process in the hotel's marketing department. As an employee in the position of a Director of Sales & Marketing the author has been allowed to take the Hotel Sacher Wien as case study hotel. The analysis of the hotel and the interrogation of the executive management will help to investigate the research question. Furthermore, the results of the methodology part should confirm the importance of QLSFs found in the literature and should also serve to complete the list of factors with additional QLSFs relevant for the case study hotel.

This chapter starts with the explanation of the selection of the methodology and the research instruments and is followed by the introduction of the case study hotel. The next step will be an analysis, which will be based on *"The Model of Case Analysis"* from Mironski (2015) and will be explained in detail. The outcome of this analysis will further show possible solutions including the research, a final list of possible QLSFs, a weighting system of the QLSFs and finally a survey for the executive management of the case study hotel. The methodology part will end with a short summary, which will lead to the next chapter, the results.

### 4.2 Selection of methodology

The Hotel Sacher Wien has been selected as the case study hotel to uncover some possible solutions by using the case analysis. The case analysis can be seen as the starting point to prepare the right questions for the focus group. The choice of the focus group of the case study hotel is based on the idea to involve the entire executive management including two additional managers from other departments. The participants for the survey are the Chief Executive Officer, General Managers from the Hotel Sacher Wien and the Hotel Sacher Salzburg, the Chief Finance Officer, a member of the owner family, one Manager from the F&B and one Manager from the Sales and Marketing department. (See appendix 5)

The advantage of choosing this focus group is to get a clear picture of the view of the most important decision makers of the case study hotel and therefore the outcome of the given survey reflects the opinion the hotel.

Each of the seven participants gets a power point presentation (see appendix 1) about the theory findings during the individual interviews and the questions of the survey for evaluation

will be presented to them. This can be defined as a qualitative method. However, the outcome of the individual weighting and the evaluation of a specific marketing expenditure by completing the survey from the focus group during the interview represents a quantitative method. In other words, the selection of the research instruments is a mixture between qualitative and quantitative methods.

The objective of the individual interview procedure is to settle the presentation of the findings and all questions for the survey in one appointment to offer the focus group a time efficient way of communication. The quantitative data of the survey will be analyzed and presented in chapter 5 as results.

### **4.3 Case Study Hotel – “Hotel Sacher Wien”**

The Hotel Sacher Wien is a five star superior luxury hotel located in the city centre of Vienna established 1876. With 149 rooms and suites, eight banqueting rooms, two restaurants “Anna Sacher” and “Rote Bar” the “Blaue Bar”, the “Sacher Eck” and the famous “Café Sacher” with the “Original Sacher-Torte” (chocolate cake), it is one of the top hotels in Austria and part of the Sacher Brand, that has been founded 1832. For the fitness and relaxation the hotel provides their guests a “Sacher Boutique Spa”. The Hotel Sacher Wien is part of the Sacher Holding, which includes among other things the Hotel Sacher Salzburg, the Café Sacher Graz, Café Sacher Innsbruck and the cake production “Original Sacher Manufaktur” in Vienna. The families Gürtler and Winkler privately own the Sacher Holding. Both hotels have an affiliation with “The Leading Hotels of the World” an international luxury hotel collection, which represents over 350 mainly privately owned luxury hotels in the world. They provide an international marketing platform to increase the hotel business of their members.

In 2014 the company has started a change process and renewed its vision, which is stated as follows: *“Sacher is worldwide known as family owned and run luxury brand in the hospitality industry for the hotel business, food & beverages and delicatessens especially the “Original Sacher-Torte” famous for excellence, highest quality, outstanding service with a personal touch in an exclusive atmosphere with Austrian charm.”* Winkler (2015). All company goals and strategies are based on this vision and five core values, which are named and summarized by the terms Excellence, Innovation, Economic Efficiency, Passion and Family. To keep the very high standard of the hotel on a high level the company is currently concentrating on the education of their employees and they therefore launched *“The Sacher School of Excellence”* in the End of 2015. The Sacher School offers trainings, workshops and courses in many different disciplines for all employees depending on their positions and needs. The Executive Management of the Sacher Holding consists of one member of the owner family, the Chief Executive Officer, the Chief Financial Officer, the Managing Director of the Hotel Sacher Wien and the Managing Director of the Hotel Sacher Salzburg. The Hotel Sacher Wien has in total approximately 360 employees and sixteen heads of departments, which are lead by the managing director.

The author is in the position of the Director of Sales & Marketing for the Hotel Sacher Wien's Marketing department. The Sales and Marketing team consists of the Director of Sales and Marketing, the Assistant Director of Sales, Senior Sales Managers, Sales Managers, Sales & Marketing Coordinator and the Sales and Marketing Assistant. Depending on the importance and the price level of the expenditure, decisions for marketing activities can be done by the Sales Managers, the Director of Sales & Marketing, the Chief Sales & Marketing Officer, the General Manager, or by the owners themselves. Frequently considered marketing expenditures for example are participations at trade shows in different markets, sales trips, social media campaigns, online advertising, direct mailings and many other different marketing activities.

Especially for marketing activities planned in new markets there is only limited quantitative information available to evaluate decisions about marketing expenditure. How can the decision making process be improved? Are there any solutions to find a support for decisions based mainly on QLSFs? Is it possible to find answers for the research question of this paper by analyzing the Hotel Sacher Wien? What exactly is the problem concerning the selection of marketing expenditures?

#### **4.4 Model for Case Analysis - Root Cause Analysis**

To find possible solutions for the research question the author starts with the analysis of the case study hotel's decision-making process about marketing expenditure alternatives in association with QLSFs by using *"The Model for Case Analysis"* from Mironski (2015) shown in Figure 4-1. The "Case Analysis" has originally been used to identify performance problems of people in an organization but can be used as well for solving problems in general. The main idea is to find the root causes of the problem, which is mandatory to find possible solutions. This model is structured in four stages, the problem identification, the root cause analysis, the solution building and the action planning. Basically, this tool is used to analyze and uncover performance gaps in the components of an organization, the work, the people, the formal and the informal organization.

In the first stage the problem will be verified, defined and diminished into one simple problem statement. In the second stage the root causes of the problem will be uncovered. The third stage will generate and evaluate possible solutions for the problem and the last stage will identify action steps to implement the solutions. To find possible solutions for the Hotel Sacher Wien the focus lies on the first three stages.

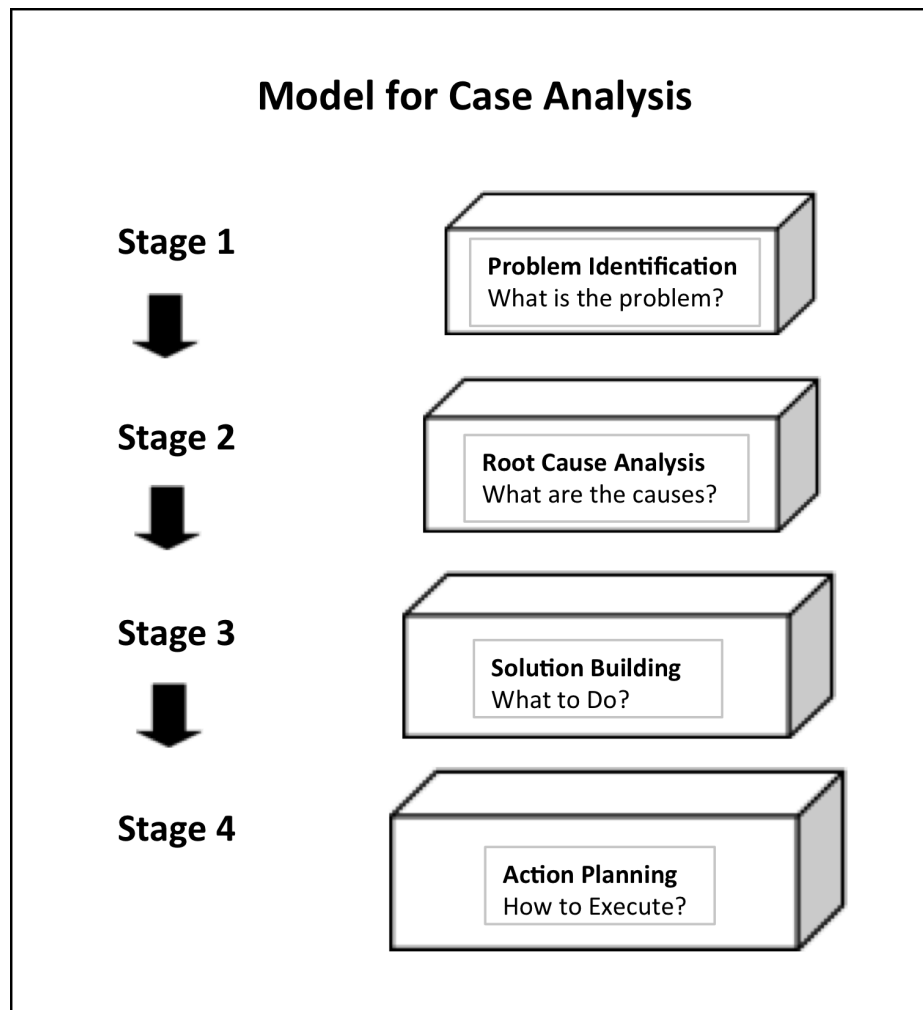


FIGURE 4-1 MODEL FOR CASE ANALYSIS

SOURCE: MIRONSKI (2015)

### Stage 1 – Problem Identification (What is the exact problem?)

To identify the specific problem it is important to clarify who is part of the decision making process and who is in charge of the selection of the marketing activities. The Hotel Sacher Wien is privately owned therefore the owner makes the final decisions. However, depending on the level of the amount of the expenditure the General Manager, the CFO or the Director of Sales and Marketing are in charge of making the decision. For some marketing decisions all of the above-mentioned people are involved. For the majority of alternatives the Director of Sales and Marketing is responsible and has to argue about future decisions. Usually, the decisions are based on quantitative information (i.e. outcome of revenue, amount of room nights, number of customer contacts, etc.) and are easy to be illustrated and weighted.

The difficulty appears when there are only limited quantitative factors available. The expectation of the owners and the executive management is to get reasonable arguments for marketing expenditure from the sales and marketing department but the actual performances shows that there is no satisfying information delivered when quantitative data is missing.

How to make decisions without quantitative information? There are several QLSFs for marketing activities but how can they help to find a better decision? To find out the gap between the management's expectations and the actual performance Mironskis' (2015) *"Model for Case Analysis"* suggests to prioritize and to choose one single problem and then limit it into a problem statement of maximum one or two sentences. After analyzing the situation in the hotel the following problem statement is introduced:

*"The executive management's expectation of justifying and selecting marketing expenditure without quantitative information is not fully attained."*

## **Stage 2 – Root Cause Analysis (What are the causes?)**

The next stage uncovers the root causes for the defined problem respectively the performance gap. The root cause analysis starts with the "Why-Why diagram" which helps identifying the causes for the performance gap. The fundamental idea of the system to find the root causes is asking "why" for at least three times. In the literature this concept is recommended for different possibilities for example Collins and Porras (1996) uses five "why's" to uncover the core purpose of an organization.

The question is "why do we have this problem and what are its root causes?". There are many different questions possible; Table 4-1 gives an overview of selected why-questions about the stated problem. This table also includes the root causes.

## The Why-Why Diagram

The Problem:

"The executive management's expectation of justifying and selecting marketing expenditure without quantitative information is not fully attained."

<p><i>* Why is there a gap between the expectation and the performance?</i> Because there is no sufficient understanding about qualitative information in the company</p> <p><i>* Why is it not sufficient?</i> Because there is no explanation of the meaning of QLSF</p> <p><i>* Why is no explanation available?</i> Because nobody did any research about QLSF</p>
<p><b>Root Cause:</b>      <b>Lack of knowledge and research about QLSFs</b></p>
<p><i>* Why is there a gap between the expectation and the performance?</i> Because QLSF are not considered in the decision-making process</p> <p><i>* Why are QLSFs not considered?</i> Because there is no comprehensive overview of QLSFs</p> <p><i>* Why is there no overview?</i> Nobody listed QLSFs in the light of marketing expenditure</p>
<p><b>Root Cause:</b>      <b>Lack of sensitization and overview of possible QLSFs</b></p>
<p><i>* Why is there a gap between the expectation and the performance?</i> Because the knowledge of the importance of the QLSFs is missing</p> <p><i>* Why is it not possible to see the importance of each QLSF?</i> Because there is no measurement of the importance of each QLSF available</p> <p><i>* Why is there no measurement?</i> Because nobody did a measurement of the importance of QLSF</p>
<p><b>Root Cause:</b>      <b>Lack of a measurement of QLSFs to understand the importance</b></p>
<p><i>* Why is there a gap between the expectation and the performance?</i> Because there are many alternatives of expenditure and it is not easy to compare them</p> <p><i>* Why is it not easy?</i> Because of the different importance of the QLSFs for each marketing expenditure</p> <p><i>* Why is this a problem?</i> Because there is no method to handle different types of marketing expenditure for the same decision-making process</p>
<p><b>Root Cause:</b>      <b>Lack of a tool which shows the importance of different QLSFs for each marketing expenditure</b></p>
<p><i>* Why is there a gap between the expectation and the performance?</i> Because the right questions about the influence of QLSF are not asked</p> <p><i>* Why we don't ask the questions</i> They are not formulated and brought into the context of QLSF</p> <p><i>* Why they are not formulated?</i> Nobody formulated the questions</p>
<p><b>Root Cause:</b>      <b>Lack of the right questions about QLSF</b></p>

TABLE 4-1 WHY WHY DIAGRAM

SOURCE: CREATED BY THE AUTHOR BASED ON THE CONCEPT OF MIRSONKI (2015)

### Stage 3 – Solution Building (What to do?)

“A solution to a problem is a change to the organization that removes one or more causes of the problem(s) without creating new and greater problems” Mironski (2015). After the root cause analysis the next step is the solution building. This stage consists of two phases, the solution generation process and the solution categorization and evaluation process. In the first phase solutions are generated based on the fundamental root causes while in the second phase all ideas are examined, grouped and organized. The following Table 4-2 shows all generated solutions already in the order of procedure:

	Root Causes	Solutions
1	<b>Lack of knowledge and research about QLSFs</b>	Research of QLSF - methodology part Research part of the Master Thesis as a basis for further internal discussions Discussion with the executive management - exchange of the research findings
	Missing Knowledge	Research
2	<b>Lack of sensitization and overview of possible QLSF</b>	Create a final list of possible QLSFs which are relevant for the hotel
	Missing overview	List of QLSF
3	<b>Lack of the right questions about QLSF</b>	Formulation of questions for each QLSF Level 1 Question: How is the weight of the QLSFs – which QLSF is more important? Weighting of which of the QLSF are more important than the others in the view of the management Level 2 Question: How much is the QLSF influencing the marketing expenditure (ME)? How important is the QLSF of the ME to influence the business positively? SOLUTION – creating a survey for the Executive Management and the Marketing team to answer these questions
	Missing questions	Questions formulation and survey
4	<b>Lack of a measurement of QLSFs to understand the importance</b>	Prepare a weighting of the QLSF to measure the overall importance for the hotel and separately for each expenditure Two levels of weighting Level 1 importance in relation to other QLSFs
	Missing variance of QLSF overall	Overall weighting system
5	<b>Lack of a tool which show the importance of different QLSFs for each marketing expenditure</b>	Prepare a weighting of the QLSF for each specific marketing expenditure Level 2 power in influence possibilities of each QLSF concerning the ME Create a weighting system/tool for each ME
	Missing variance of QLSF individ	Individual weighting system

TABLE 4-2 SOLUTION BUILDING  
SOURCE: CREATED BY THE AUTHOR



In the chapters 4.6 to 4.8 detailed descriptions of all solutions will be found. Concluding, the solutions are summarized already in the order of execution:

Solution A: “The Research”

Research of possible QLSFs; definitions of QLSFs, list of QLSFs for the marketing area in the hotel industry; fundament for knowledge; share findings with case study hotel

Solution B: “The final list of QLSFs”

Final list of QLSFs coordinated with the case study hotel’s management

Solution C: “The Weighting of QLSFs”

Weighting system of QLSFs; idea of two-level-weighting-model (Level 1: overall importance for Marketing - Level 2: importance for a specific marketing expenditure); including two different kind of QLSFs types (influence and knock-out criteria)

Solution D: “The Survey”

Creating a survey with the two level questions; execute the survey; results are weighted QLSFs; Question: Outcome of the findings constitutes a support of decision-making? Last question for the executive team: Is the idea of analyzing the QLSF relevant and does it support the decision-making process?

**Stage 4 – Action Planning (How to Execute?)**

In the last stage the implementation of the possible solutions and actions will be planned. Basically, the action planning process is composed of an implementation action plan, a constituency map and a commitment to change chart. This part, however, will be not further specified in this paper since the focus lies in the description of the founded solutions of the research question. The solution D “The Survey” represents already a part of the execution process.

## **4.5 Solution A “The Research”**

It is mandatory to improve the knowledge about the presence and the influence of qualitative factors. Therefore an extensive research about QLSFs was made. This was done by the author and can be found in the third chapter of this paper, “Research of QLSF”. Moreover, the entire master thesis serves the improvement of the knowledge and also serves as a kind of manual for decisions based on QLSFs.

## 4.6 Solution B “The Final List”

Which QLSFs are important for the case study hotel? To get a final list of QLSFs the author created a summary of all possible QLSFs. This summary sheet of QLSFs based on the research findings of this paper will be presented to the CEO of the case study hotel during a personal meeting with the author. The CEO will have the possibility to choose the final selection of the QLSFs, that are important for the case study hotel. Table 4-3 shows the preparation of the summarized QLSFs.

Qualitative Success Factors (Level 1 - overall importance)	Description	Selection			
<b>Corporate Reputation</b> Corporate Image Functional Corporate Image Emotional Corporate Image Organizational Identity Corporate Identity Culture Behaviour Strategy Structure Design Communication Industry Identity <b>Brand Prestige</b> <b>Brand Awareness</b> Brand recognition Brand recall Depth brand awareness Breadth brand awareness <b>Market Presence</b> <b>Publicity</b> <b>Relationship Building</b> to customers, hotel guests to other hotels, competition, to institutions <b>Vision</b> Core Values Core Purpose Core Goal <b>Owners Objectives</b> _____ <b>Additional QLSF</b> _____ _____	How others see us Our hotel type, category, location, ... Our Quality and values Who we are How we would like to be  High perceived brand value Intention for identification and differentiation Confirmation of prior exposure to the brand Unaided retrieval from memory Easiness of recall and recognition of brand Situations where brand comes into mind Our presence - competition presence Attraction to public without paying Competitive advantage - cannot be duplicated by competition  Timeless guiding principles Hotel's reason of being Envisioned future Personal qualitative importance for the owner				
<b>Compliance (Yes/No)</b> Is it legal? Is it ethical? Is it safe? In line with our code of conduct?					

TABLE 4-3 PREPARATION SHEET FOR THE FINAL LIST

SOURCE: CREATED BY THE AUTHOR

## 4.7 Solution C “The Weighting”

### 4.7.1 Weighting

How can the QLSFs be weighted and which weighting system provides a simple and understandable procedure for participants who are unfamiliar with the subject? Saaty (1990) introduced “*The Analytic Hierarchy Process*” (AHP) which allows decision making for alternatives based on multiple factors. It is “*a multicriteria decision making approach in which factors are arranged in a hierarchic structure.*” How does it work? According to Saaty (1980) the AHP is a very flexible, powerful and effective tool, which reduces complex decisions to a series of pairwise comparisons. The AHP then synthesizes the results in a background calculation and supports the decision maker to capture subjective and objective aspects. According to the decision maker’s pairwise comparison of the criteria the AHP generates a score for each criterion. These scores represent the final ranking of the factors.

The author decided to use the AHP tool for the weighting of the selected QLSFs because it is easy to understand and easy to use for the participants who are unfamiliar with this subject. Furthermore, it is possible to insert or eliminate factors during the process and it translates the decision maker’s single evaluations of the importance of each QLSFs into a final ranking and final weight of each factor.

The participants will receive the AHP tool in form of an Excel document created by Barnard (2012). This document includes for a better understanding an instruction (Figure 4-2) and an example as well as the template for the pairwise evaluation of the factors.

**Analytic Hierarchy Process, AHP**

1. On the “AHP Template” worksheet, select the number of criteria that you would like to rank (3 to 15)
2. Enter the names of the criteria/requirements and a title for the analysis
3. Work through the matrix comparing each of the criteria to each other (pairwise comparisons)
4. For each comparison, decide which is the more important and select the appropriate weighting:

Increasing column importance over row      Equal      Increasing row importance over column

← 1/9   1/8   1/7   1/6   1/5   1/4   1/3   1/2   1   2   3   4   5   6   7   8   9 →

Note: You only need to complete half the matrix, the second half (reciprocal) of the matrix is automatically completed

5. Once completed the the AHP column contains the priorities for the given criteria
6. Check the consistency index which should be 10% or less
7. Please send us your comments, suggestions or problems - we appreciate your feedback

Email: mail@scbuk.com

Simon Barnard  
SCB Associates Ltd  
26.09.12




FIGURE 4-2 ANALYTIC HIERARCHY PROCESS, AHP

SOURCE: BARNARD (2012)

After following all steps of the AHP's instruction the weighting of the selected QLSFs for the case study hotel is completed. The tool automatically calculates the pairwise evaluations and the results are presented in the last part of the sheet in form of a percentage for each QLSF. The higher the percentage, the higher is the importance of the factor.

#### 4.7.2 The Two-level-weighting-model

The AHP represents the weighting of the QLSF in the first level, that is the weight of the overall importance of the QLSFs for the hotel. The second level will focus on the evaluation of a specific marketing expenditure. The first level answers the question about the ranking of the overall importance of each QLSF and the second level answers the question about the value and importance of each QLSF for a specific marketing expenditure.

The idea of the two-level-weighting-model is to bring the answers of these two levels together by combining this two evaluations and creating a value between 1 and 100.

The first column in Table 4-4 represents the weight of each QLSF overall in the first level, the second column shows all QLSFs, in the third column the evaluation for the specific marketing expenditure of the second level is provided. Finally, in the fifth column the results of the overall weights from level 1 are combined with values of level 2. The mean of all evaluated QLSFs will show the final weighted result, which is equal to 79,16 in this case.

<b>Marketing Expenditure (ME):</b> Trade show in Moscow with "The Leading Hotels of the World"				
<b>Level 1</b>	<b>Level 2</b>			
Overall weight	QLSFs	1-100	Sum	combined Weighted
19,2	Core Values	<b>80</b>	80	15,36
16,2	Vision	<b>90</b>	90	14,58
15,1	Relationship Building	<b>100</b>	100	15,10
11,1	Owners Objective	<b>20</b>	20	2,22
9,4	Corporate Image	<b>98</b>	98	9,21
8,3	Corporate Identity	<b>95</b>	95	7,89
7,6	Brand awareness	<b>95</b>	95	7,22
5,8	Prestige	<b>50</b>	50	2,90
4,3	Publicity	<b>60</b>	60	2,58
3	Market Presence	<b>70</b>	70	2,10
			758	79,16
Mean:		75,8		
Total number of QLSFs:		10		
Result weighted:		<b>79,16</b>		

TABLE 4-4 MARKETING EXPENDITURE – TRADE SHOW IN MOSCOW

SOURCE: CREATED BY THE AUTHOR

### 4.7.3 The knock-out criterion idea

All compliance related factors can only be evaluated with yes or no and therefore represent knock-out criterions. In other words, when a marketing expenditure is not consistent with the case study hotel's code of conduct it cannot be approved and has to be eliminated.

How to deal with those factors in the calculation? To calculate this in combination with the other values of the weighted factors in level 2 it makes sense to form a multiplication with 1 for YES and 0 for NO – then the result automatically is 0 if one of the compliance factors is considered as 0 and therefore has to be eliminated.

Explanation of Table 4-5: Additionally to the previous Table 4-4, the knock-out criterion “compliance” is included in the 4<sup>th</sup> column with the possibility to enter 1 for yes and 0 for no. The weighted result will automatically be multiplied with this number. Multiplying the weighted result with 0 leads to an end result of 0 and therefore a result for a clear decision for not choosing the marketing expenditure.

Marketing Expenditure (ME): Trade show in Moscow with "The Leading Hotels of the World"					
LEVEL 2					
Level 1 Weight	QLSFs	1-100	YES=1/NO=0	Sum	combined Weighted
19,2	Core Values	80		80	15,36
16,2	Vision	90		90	14,58
15,1	Relationship Building	100		100	15,10
11,1	Owners Objective	20		20	2,22
9,4	Corporate Image	98		98	9,21
8,3	Corporate Identity	95		95	7,89
7,6	Brand awareness	95		95	7,22
5,8	Prestige	50		50	2,90
4,3	Publicity	60		60	2,58
3	Market Presence	70		70	2,10
	Compliance		1		
				758	79,16
Mean:		75,8			
Total number of QLSFs:		10			
Including knock out:		75,8			
Result weighted:		79,16			

TABLE 4-5 MARKETING EXPENDITURE – TRADE SHOW IN MOSCOW, INCLUDING COMPLIANCE

SOURCE: CREATED BY THE AUTHOR

#### **4.7.4 Classification of the QLSFs**

Concluding, for the evaluation in those two levels the QLSFs can be categorized into different groups depending on the formulation of the basic question and depending on the level. The following summary of the classification will show the different possibilities in both levels.

##### **Level 1**

###### **Group A – Importance of the QLSF overall in relation to the others**

- Question: How important is the QLSF for the business overall? How strong is the positive influence on business?
- Evaluation: Grading of the weight in relation to the other QLSF (AHP, pairwise)
- Value: 1-100%

###### **Group B – Knock-out criteria / compliance**

- Compliance represents a knock-out criterion. For the weighting and ranking of all QLSFs it will not be included since “yes or no” questions cannot be weighted

##### **Level 2**

###### **Group A – Importance of the QLSF for the specific marketing expenditure**

- Question: How important is the QLSF for a specific marketing expenditure? How much does it influence the business positively?
- Evaluation: Grading of importance/influence of the marketing expenditure
- Value: 1-100

###### **Group B – Knock-out criterion for the specific marketing expenditure**

- Question: Is it legal? Is it ethical? Is it safe?  
Is it consistent with the firm’s code of conduct?
- Evaluation: Grading yes or no
- Value: 1 for YES, 0 for NO

## 4.8 Solution D “The Survey”

To find out the weight of importance for each QLSF on both levels the focus group, represented by the Hotel Sacher Wien’s executive management will be interviewed. A Power Point Presentation was created to explain the findings of the theory research and the procedure of the survey to the focus group, see appendix 1. As an example of the specific marketing expenditure the author chooses “a participation of a trade show in Moscow organized with “The Leading Hotels of the World”. A well known and already several times in the past selected marketing expenditure. After the presentation with the explanations the survey starts firstly with the summary sheet for choosing the final list of QLSFs. This part of the survey is created for the CEO only, see appendix 2. Secondly, it consists of the overall weighting of the selected QLSFs with the level 1 question “How important are the QLSFs overall for the hotel in relation to the other QLSFs?”. All participants have to evaluate each QLSF pairwise by putting the values for each level of importance in a prepared Excel sheet, based on Barnard’s (2012) SCB AHP tool (appendix 3). Thirdly, the participants have to answer the level 2 question – “How important is each QLSF for the selected marketing expenditure?”. Putting the values for each QLSF in a prepared Excel sheet, which is shown in appendix 4, can do these evaluations. Finally, the survey ends with the last question by asking for the level of agreement how much this approach of considering and evaluating the QLSFs itself support the decision making process. The scaling for the answers of the participants is based on Rensis Likert, Bernard (2013).

Summary of the survey procedure:

1) Selection of the final QLSFs for the case study hotel

- Summary sheet for choosing the QLSFs
- by the CEO
- → Appendix 1

2) Weighting of the selected QLSFs

- in the AHP tool – pairwise comparison of the importance of each factor
- Level 1 question – how important are the QLSFs overall for the hotel in relation to the other QLSFs?
- By the executive management
- → Appendix 2

3) Individual evaluation of a marketing expenditure

- Trade show in Moscow with “The Leading Hotels of the World”
- Level 2 question – how important is each QLSF for the marketing expenditure?
- By the executive management
- → Appendix 3

#### 4) Final question

- Does the knowledge of the QLSF and the weighting approach support the decision making process?
- By the executive management
- → Appendix 4

The results of this survey and the preparation of the visual findings will be found in the next chapter, Chapter 5 - Results and Discussion.



## **5 RESULTS AND DISCUSSION**

### **5.1 Introduction**

Chapter 5 presents the results of the survey, which have been generated from the survey of the Hotel Sacher Wien's executive management during individual interviews. This includes firstly, the selection of the final list of the QLSFs from the Chief Executive Officer. Secondly, the individual results from all seven participants of the weighting of the overall importance and the calculated average weight of each QLSF will be presented. Thirdly, the results include the outcome of the individual evaluations of the specific marketing expenditure and it shows the results of the calculated combination of both weighting levels. Finally, this chapter ends with the level of agreement of the participants. It will show how they evaluate the relevance and importance to take the QLSFs for the decision making process into consideration.

The focus group for the survey consists of seven participants, the Chief Executive Officer, one member of the owner family, the Chief Finance Officer, two Managing Directors, one Manager from the food and beverage department and finally one manger from the sales and marketing department.

### **5.2 Selection of the final QLSFs**

All individual interviews started with the presentation and explanation of the research theory of the QLSFs found in the literature in form of a power point presentation. The question for the selection of the final list of factors was only prepared for the Chief Executive Officer by presenting all 28 possible QLSFs on the preparation sheet (Table 4-3). All other questions and evaluations have been made for the entire group of participants. The Chief Executive Officer has selected seven QLFs out of the prepared list, which are relevant and useful for the case study hotel and one additional owner's objective. He also selected compliance as a knock-out criterion.

Table 5-1 shows the final selection of nine QLSFs together with a short description. At this stage no ranking of the importance was made.

Qualitative Success Factor	Description/Definition
<b>Emotional Corporate Image</b>	How others see the hotel - quality, values, etc.
<b>Brand Awareness</b>	Intention for identification and differentiation
<b>Functional Corporate Image</b>	How others see the hotel - hotel type, category, location
<b>Corporate Identity</b>	How the hotel would like to be
<b>Relationship Building</b>	Competitive advantage, can not be duplicated by competition
<b>Core Purpose</b>	Hotel's reason of being; core part of the vision
<b>Owners Objective (OO): Social Responsibility</b>	Personal importance for owner
<b>Market Presence</b>	Hotels physical presence vs. presence of competition
<b>Knock out criterion: Compliance</b>	Code of conduct. Is it legal? Is it ethical? Is it safe?

TABLE 5-1 SELECTION OF THE QLSFs FOR THE HOTEL SACHER WIEN

SOURCE: CREATED BY THE AUTHOR

### 5.3 Weighting Level 1 – Overall importance of QLSFs

How important is or how much influence has each QLSFs for the case study hotel's business overall in relation to the other QLSFs?

All participants of the focus group have been asked individually to weight the selected QLSFs by evaluating the factors pairwise with the AHP. This pairwise weighting has been done with all eight factors excluding the knock-out criterion "compliance" which cannot be weighted. The outcome of each participant and the summary is shown in the following Table 5-2 with rather similar results for most of the QLSFs.

QLSFs	A	B	C	D	E	F	G	Mean	Total
Emotional Corporate Image	27,30	23,58	27,61	18,61	36,37	16,61	22,66	<b>24,68</b>	172,74
Brand Awareness	20,20	27,71	19,55	27,94	23,59	14,11	15,65	<b>21,25</b>	148,75
Functional Corporate Image	18,20	14,98	10,11	6,78	10,71	8,79	15,49	<b>12,15</b>	85,06
Corporate Identity	11,20	6,72	9,11	10,31	8,92	9,29	5,17	<b>8,67</b>	60,72
Relationship Building	7,70	8,87	16,05	14,68	6,88	32,57	17,91	<b>14,95</b>	104,66
Core Purpose	6,10	8,37	6,35	9,80	3,74	7,01	12,81	<b>7,74</b>	54,19
OO: Social Responsibility	5,10	6,07	6,53	4,55	2,64	5,11	2,82	<b>4,69</b>	32,83
Market Presence	4,20	3,70	4,69	7,33	7,15	6,51	7,48	<b>5,86</b>	41,05
Total	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	700,00

TABLE 5-2 WEIGHTING OF THE QLSFs BY ALL PARTICIPANTS

SOURCE: CREATED BY THE AUTHOR

The following Table 5-3 shows the final ranking of all QLSFs and the final average weight of each factor.

Ranking	Final weighted QLSFs	Weight
1	Emotional Corporate Image	24,7
2	Brand Awareness	21,3
3	Relationship Building	15,0
4	Functional Corporate Image	12,2
5	Corporate Identity	8,7
6	Core Purpose	7,7
7	Market Presence	5,9
8	OO: Social Responsibility	4,7

TABLE 5-3 RANKING OF THE WEIGHTED QLSFs

SOURCE: CREATED BY THE AUTHOR

Figure 5-1 shows the results of the overall weighted QLSFs visualized in columns. The y-axis shows the weight between 0 and 25 % for all QLSFs on the x-axis.



FIGURE 5-1 WEIGHTED QLSFs LEVEL 1

SOURCE: CREATED BY THE AUTHOR

## 5.4 Weighting Level 2 - Evaluation of a specific marketing expenditure

How important is each QLSFs for the marketing expenditure? For this individual evaluation the following marketing expenditure has been chosen: The participation at a trade show in Moscow, organized by the Moscow office from the “The Leading Hotels of the World”. In the case study hotel a well known marketing activity.

All participants have been asked to choose a value for each QLSFs between 1 – 100 to evaluate the importance for the marketing expenditure of each factor. 1 point stands for very low and 100 points for very high importance. Compliance was considered as knock-out criterion, all participants selected 1 for “yes” it is in line with the hotel’s code of conduct.

Following Table 5-4 represents the outcome of the individual evaluations for the marketing expenditure example “participation at a trade show in Moscow” of each participant:

QLSFs	A	B	C	D	E	F	G	Mean	Total
Emotional Corporate Image	100	80	80	100	80	90	95	89,29	625,00
Brand Awareness	30	90	90	100	80	75	50	73,57	515,00
Functional Corporate Image	70	75	60	70	90	75	60	71,43	500,00
Corporate Identity	75	60	45	30	30	40	80	51,43	360,00
Relationship Building	95	100	100	100	60	95	95	92,14	645,00
Core Purpose	80	90	30	30	10	50	70	51,43	360,00
OO: Social Responsibility	75	10	40	10	10	50	40	33,57	235,00
Market Presence	80	90	100	60	50	95	100	82,14	575,00
Total	605,00	595,00	545,00	500,00	410,00	570,00	590,00	545,00	3815,00

TABLE 5-4 WEIGHTING LEVEL 2 OF THE QLSFs BY ALL PARTICIPANTS

SOURCE: CREATED BY THE AUTHOR

The next Figure 5-2 shows the result of the average evaluation and the red line marks the total average value 68,1 of all selected marketing expenditure of all participants. This value represents the evaluation of the marketing expenditure only and is not combined with the overall weighted factors.

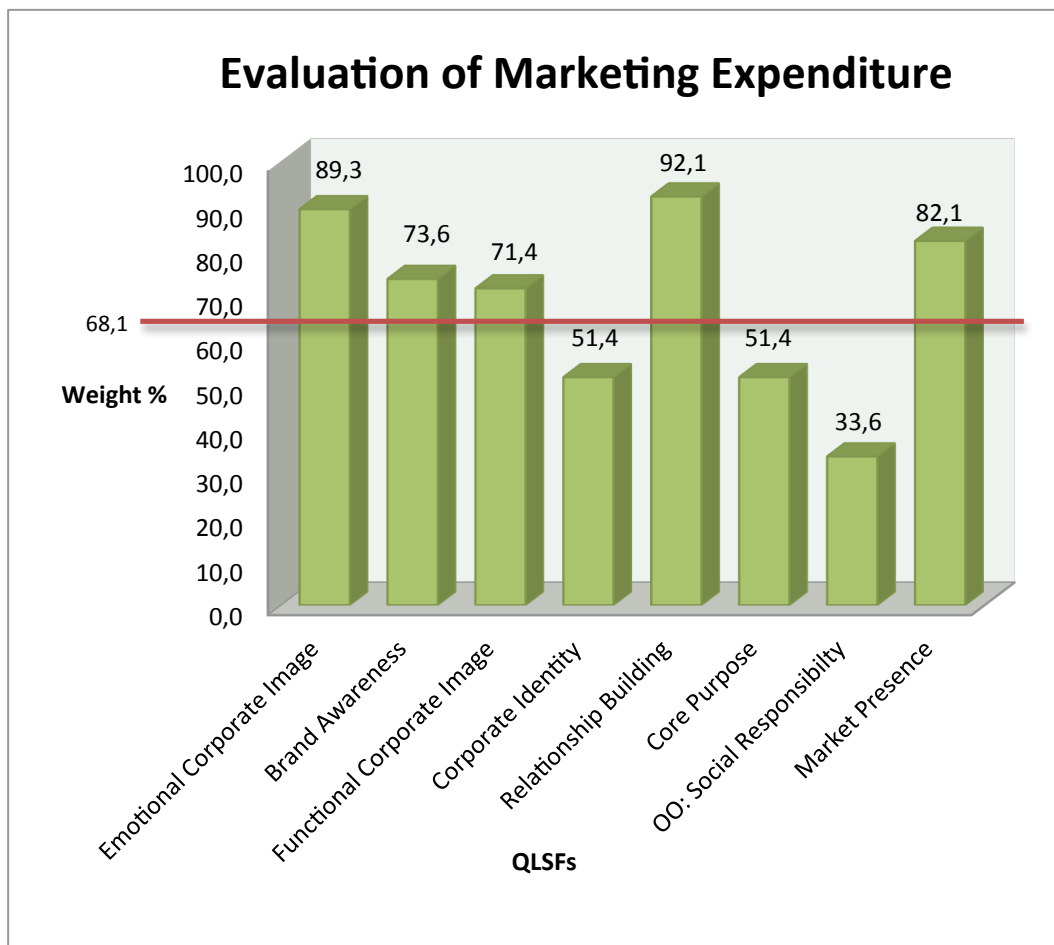


FIGURE 5-2 CHART OF EVALUATION OF QLSFs FOR A TRADE SHOW

SOURCE: CREATED BY THE AUTHOR

The next Table 5-5 shows the final average results of the combination of the weighting level 1 and level 2 from all participants. For the selected marketing expenditure the overall outcome of the entire evaluation is calculated with 74,96.

Average Weight		Average Evaluation			
Level 1 Weight	QLSFs	Level 2 - 1-100	YES=1/NO=0	Sum	combined weighted
24,68	Emotional Corporate Image	89,3		89,3	22,03
21,25	Brand Awareness	73,6		73,6	15,63
14,95	Relationship Building	92,1		92,1	13,78
12,15	Functional Corporate Image	71,4		71,4	8,68
8,67	Corporate Identity	51,4		51,4	4,46
7,74	Core Purpose	51,4		51,4	3,98
5,86	Market Presence	82,1		82,1	4,82
4,69	OO: Social Responsibility	33,6		33,6	1,57
	Compliance(all 7 participants yes)		<b>1</b>		
100				545	74,96
Mean:		68,1			
Total number of weighted QLSFs:		8			
Including knock out:		68,1			
Result weighted:		<b>74,96</b>			

TABLE 5-5 COMBINED WEIGHTING OF THE QLSFs BY ALL PARTICIPANTS

SOURCE: CREATED BY THE AUTHOR

## 5.5 QLSFs support the decision making process?

The last question for the participants was stated as follows:

*“The approach of the weighting and evaluation of the qualitative success factors supports my decision making process concerning marketing expenditures.”*

All participants have been asked to tick a box between strongly disagree and strongly agree to show their level of agreement. The average rating was 5 for “Agree” and the level of agreement can be calculated with 83,3%. This result means that the research and consideration of QLSFs supports the decision making process in the case study hotel in the perception of the hotel’s focus group for this survey.

<input type="checkbox"/>	6 Strongly agree	A	B	C	D	E	F	G	Total
<input type="checkbox"/>	5 Agree	5	5	5	6		5	5	6
<input type="checkbox"/>	4 Agree somewhat					4			25
<input type="checkbox"/>	3 Undecided								4
<input type="checkbox"/>	2 Disagree somewhat								0
<input type="checkbox"/>	1 Disagree								0
<input type="checkbox"/>	0 Strongly disagree								0

Total	35
Average rating	<b>5,0</b>
Maximum 6 = 100%	42
Level of agreement	<b>83,3%</b>

FIGURE 5-3 LEVEL OF AGREEMENT

SOURCE: CREATED BY THE AUTHOR

## 6 CONCLUSION

### 6.1 Summary

This paper has investigated the following research question:

*Is it possible to find and define qualitative success factors, which can be weighted and evaluated and serve as a support for the decision making about alternatives of marketing expenditures in the luxury hotel industry?*

After the literature review the analyzing of the case study hotel with “*The Model of Case Analysis*” was very helpful to find solutions for the research question. The procedure of the interviews with the executive management of the Hotel Sacher Wien allowed to present the findings of the theory and to generate all necessary information for the weighting and evaluation during one appointment with each of the participants.

The overall feedback of the participants was quite positive, they described the entire approach of considering QLSFs as an interesting tool and as very useful for the hotel business. In average all participants agree on level 5 of 6 that QLSFs supports the decision making process. In other words the level of agreement was calculated with 83,3%. This result answers one part of the research question “Is it possible ... to serve as support for the decision making about alternatives of marketing expenditures in the luxury hotel industry?” for the case study hotel positively.

The outcome of the survey shows the feasibility of the created two level weighting tool and delivers a single value of the chosen marketing expenditure. However the single value of the weighted evaluation of the marketing expenditure cannot be used alone. The idea of this approach is to evaluate each single marketing expenditure several times to increase the reliability of the value, in other words, the single value makes sense only in relation to other values. It might also be interesting to evaluate the same marketing activity before it takes place and afterwards.

The outcome of this paper can be understood as a support for decisions about marketing expenditure in addition to quantitative information and other considerations. The selection and weighting of qualitative factors can only support the decision-making and cannot be taken into consideration alone. Quantitative factors and decision maker’s intuition and experience cannot be fully replaced by weighted QLSFs. However, the process and approach itself represents a useful tool and considering QLSFs gives more insights to a specific topic and helps the decision



maker to find a better decision, hence the research question can be answered positively with the content of this paper.

## **6.2 Limitations**

Tough the research question is answered positively with the outcome of the case study hotel's analysis the participants of the survey represent a small focus group and only the individual perception of one firm. Therefore, the results can be used for this firm only. To qualify the QLSFs weighting approach several hotels should be provided with the survey and the same procedure to evaluate the relevance and the level of agreement for each hotel.

Furthermore, the outcome of the evaluation of a specific marketing expenditure only makes sense when compared to other outcomes of marketing expenditures. The value for a single evaluation has no significance; the result of the two level weighting might get a higher level of relevance when compared to a large amount of other evaluated marketing expenditures.

This paper does not consider the costs of the implementation of such a tool for a hotel. It has to be mentioned, that evaluating all possible marketing expenditures could be very time consuming.

## **6.3 Contribution to knowledge**

The research findings in the literature can be used for training purposes in a hotel.

The Case Analysis Model is a useful tool to find out solutions for many different problems.

The two level weighting tool has been created which allows a combined weighting of factors.

A further utilization of selected and weighted QLSFs is possible:

- Creating qualitative goals
- Assessment of marketing expenditures
- Measurement of qualitative outcomes
- The results can be used to create a benchmark for future decisions

## 6.4 Implications for relevant stakeholders

The two most important stakeholder groups are decision makers about marketing expenditure in the management and marketing departments of privately owned hotels and also international chain hotels. However, the “two-level-weighting-model” can also be used from other stakeholders in different departments to find decisions based on qualitative factors. Furthermore, the importance of qualitative factors can be used in other different branches. The selection of QLSFs can be chosen individually and might be also be mixed with quantitative factors. For example, the firm’s core values can be analysed with the AHP weighting tool, the result of the pairwise evaluation generates a useful ranking.

To implement this model, stakeholders have to calculate the costs of using it. The outcome of the “two-level-weighting-model” is only helpful when comparable values of other evaluations are available. This means the evaluation of several marketing expenditures includes also the evaluation of the outcome of a particular marketing expenditure after the activity took place. This could be a professional basis for future decisions for the same expenditure. However, the evaluation of all marketing expenditures could be very time consuming and could therefore be a significant cost factor. Furthermore, the group of decision makers has to be well selected and must have knowledge about the value of qualitative factors for the particular company. All participants of a decision making process have to be aware that this model can only serve as a support and many other quantitative and qualitative factors have to be taken into consideration.

## 6.5 Future research

The research for QLSFs in the context of marketing in the hotel business is just at the beginning. Further research about QLSFs can be done depending on the particular focus and objectives. The provided survey including the case analysis and the two-level-weighting-model can also be used for a larger hotel chain. It would be interesting to compare evaluated values of marketing expenditure among the same departments of different hotels.

Is it possible to weight the core values of a company and does it make sense?

Is it possible to weight the qualitative factor compliance?

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## **APPENDICES**

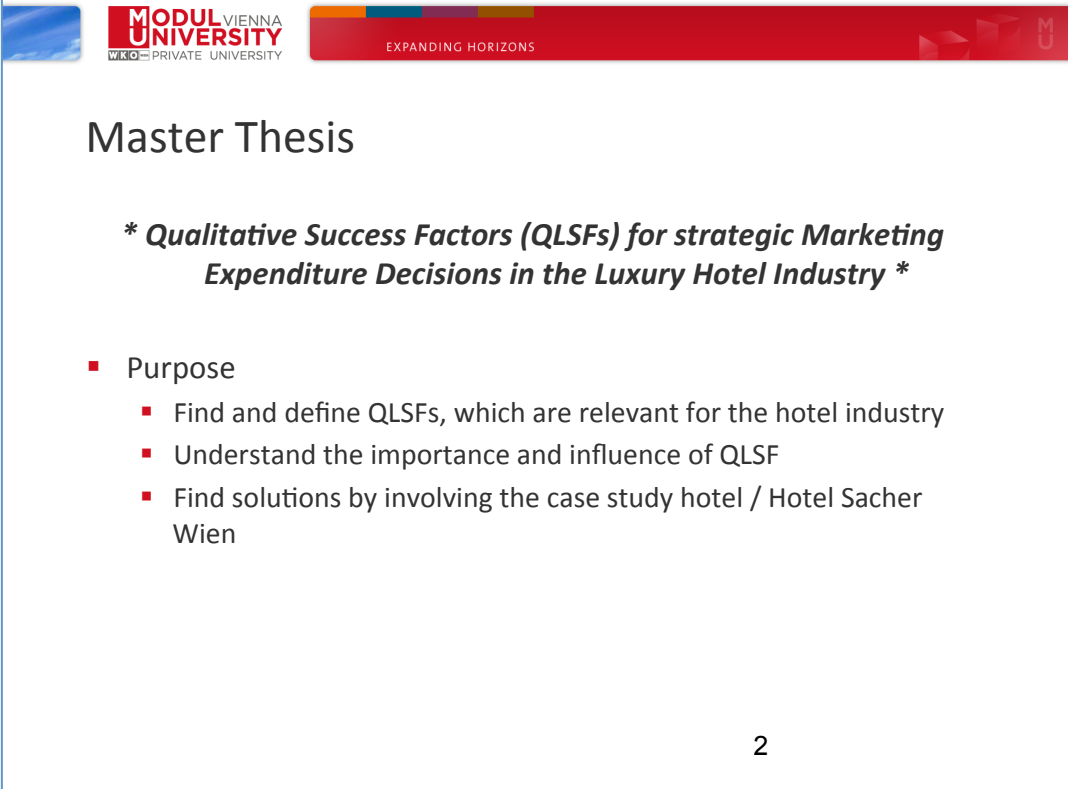
## APPENDIX 1: POWER POINT SLIDES FOR THE PRESENTATIONS



Slide 1 features the Modul University Vienna logo in the top left corner, which includes the text 'MODUL VIENNA UNIVERSITY' and 'WIRTSCHAFTS UNIVERSITÄT WIEN' with the tagline 'EXPANDING HORIZONS'. The slide has a red header bar with a blue sky image on the left and a red bar with a 3D 'MU' logo on the right. The main title 'Qualitative Success Factors' and the author 'Andreas Glück, MU1302502' are centered in a beige box. The copyright notice '© Andreas Glück, Modul University Vienna' is at the bottom left.

**Qualitative Success Factors**  
**Andreas Glück, MU1302502**

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Slide 2 features the Modul University Vienna logo in the top left corner, which includes the text 'MODUL VIENNA UNIVERSITY' and 'WIRTSCHAFTS UNIVERSITÄT WIEN' with the tagline 'EXPANDING HORIZONS'. The slide has a red header bar with a blue sky image on the left and a red bar with a 3D 'MU' logo on the right. The main title 'Master Thesis' is centered. Below it is the subtitle '\* Qualitative Success Factors (QLSFs) for strategic Marketing Expenditure Decisions in the Luxury Hotel Industry \*'. A bulleted list under 'Purpose' includes: 'Find and define QLSFs, which are relevant for the hotel industry', 'Understand the importance and influence of QLSF', and 'Find solutions by involving the case study hotel / Hotel Sacher Wien'. The number '2' is at the bottom right.


**Master Thesis**

***\* Qualitative Success Factors (QLSFs) for strategic Marketing Expenditure Decisions in the Luxury Hotel Industry \****


- **Purpose**
  - Find and define QLSFs, which are relevant for the hotel industry
  - Understand the importance and influence of QLSF
  - Find solutions by involving the case study hotel / Hotel Sacher Wien


2





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## Why choosing this topic?


- The often asked question:  
*“Should we invest in a marketing expenditure, or not?”*
  - Difficulty to make decisions with limited quantitative information (Rev., RNs, number of appointments, etc.)
  - Try to find solutions to support the decision making process based on qualitative factors
- → Personal interest to answer this question!

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## Research Question

- “Is it possible to find and define QLSFs, which can be weighted and evaluated and serve as a support for the decision making about alternatives of marketing expenditure in the hotel industry?”

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## Decision Making for Marketing Expenditure

- ... investment into new market?
- ... participation trade show or workshop?
- ... sales activities (personal sales calls,...)
- ... investment in newsletter, social media?
- ... etc.

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## Method and solving the problem

- Theory - research of qualitative success factors
- Methodology part
  - Analyzing the case study hotel
  - Finding solutions for the Research Question
  - Findings – sharing with the Hotel Sacher
  - Involvement of the executive management

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**Model for Case Analysis**




```
graph TD; S1[Stage 1: Problem Identification  
What is the problem?] --> S2[Stage 2: Root Cause Analysis  
What are the causes?]; S2 --> S3[Stage 3: Solution Building  
What to Do?]; S3 --> S4[Stage 4: Action Planning  
How to Execute?];
```

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## Solutions for the case study hotel:

- **Solution A – The Research**  
The Research Part of the Master Thesis
- **Solution B – The Final List**  
Final selection of the important QLSFs for the hotel
- **Solution C – The Weighting**  
Creating a possibility of weighting the importance of each QLSF
- **Solution D – The survey**  
Building a focus group – the executive management  
Asking/interviewing the focus group

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## A) The Research - findings

- There are many important QLSFs which are important for the hotel business and can influence the business outcome
- Selection of QLSFs should be reasonable, understandable for the management and flexible
- The key findings of the QLSF relationship as an example:
  - = competitive advantage
  - relationship can not be duplicated by the competition
  - stakeholder categories (internal, external, direct, indirect)
  - stakeholder analysis (importance – influence)
  - relationship to customer, hotel guest, other hotels, competition, and institutions
- 

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## B) The Final List

- Preparation of a possible final list of QLSF for the case study hotel
- The CEO of the case study hotel will select the final QLSFs from the research findings, which are important for the hotel
- This selection will be the basis for the weighting

Qualitative Success Factors (Level 1 – overall importance)	Description	Selection – Sachter		
		Owner	CEO	
<b>Corporate Reputation</b>				
Corporate Image	How others see us			
Functional Corporate Image	Our hotel type, category, location, ...			
Emotional Corporate Image	Our Quality and values			
Organizational Identity	Who we are			
Corporate Identity	How we would like to be			
Culture				
Behaviour				
Strategy				
Structure				
Design				
Communication				
Industry Identity				
<b>Brand Prestige</b>	High perceived brand value			
<b>Brand Awareness</b>	Intention for identification and differentiation			
Brand recognition	Confirmation of prior exposure to the brand			
Brand recall	Unaided retrieval from memory			
Depth brand awareness	Business of recall and recognition of brand			
Breadth brand awareness	Situations where brand comes into mind			
<b>Market Presence</b>	Our presence – competition presence			
<b>Publicity</b>	Attention to public without paying			
<b>Relationship Building</b>	Competitive advantage – cannot be duplicated by competition			
to customers, hotel guests				
to other hotels, competition,				
to institutions				
<b>Vision</b>				
Core Values	Timeless guiding principles			
Core Purpose	Hotel's reason of being			
Core Goal	Envisioned future			
<b>Owners Objectives</b>	Personal qualitative importance for the owner			
<b>Additional QLSF</b>				
<b>Compliance (Yes/No)</b>				
Is it legal?				
Is it ethical?				
Is it safe?				
Is in line with our code of conduct?				

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## C) The Weighting

- Level 1 Question  
How important is each QLSF overall for the hotel in relation to the other QLSFs?
- Level 2 Question  
How important is each QLSF for the specific marketing expenditure
- Combination of both levels

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M U

## C) The Weighting overall (level 1)

- The weighting of all QLSFs, which one is more important overall for the hotel?
- How? Pairwise comparison of each selected QLSF with the Analytic Hierarchy Template tool – AHP (Scbuk)
- Focus group: Executive Management of the case study hotel

Extremely less important	1/9
	1/8
Very strongly less important	1/7
	1/6
Strongly less important	1/5
	1/4
Moderately less important	1/3
	1/2
<b>Equal Importance</b>	<b>1</b>
	<b>2</b>
Moderately more important	3
	4
Strongly more important	5
	6
Very strongly more important	7
	8
Extremely more important	9

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## Level 2

**Marketing Expenditure (ME):**  
Trade show in Moscow with "The Leading Hotels of the World"

- How important is each QLSF for the specific marketing expenditure? 1-100 Points for each QLSF
- Please consider the importance/Influence of each QLSF and allocate a score between 1 and 100 points, 1 point for very low and 100 for very high importance
- Compliance will be considered as a knock out criterion; 1 for yes and 0 for no

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## Level 2

**LEVEL 2**

Level 1 Weight	QLSFs	1-100	YES=1/NO=0	Sum	combined Weighted
19,2	Core Values	80		80	15,36
16,2	Vision	90		90	14,58
15,1	Relationship Building	100		100	15,10
11,1	Owners Objective	20		20	2,22
9,4	Corporate Image	98		98	9,21
8,3	Corporate Identity	95		95	7,89
7,6	Brand awareness	95		95	7,22
5,8	Prestige	50		50	2,90
4,3	Publicity	60		60	2,58
3	Market Presence	70		70	2,10
	Compliance		1		
				758	79,16


Mean: 75,8

Total number of QLSFs: 10

Including knock out: 75,8

**Result weighted: 79,16**

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## D) The Survey




- 1) Selection of the final QLSFs for the case study hotel
  - by the CEO
- 2) Weighting the selected QLSFs in the AHP tool – pairwise comparison of the importance of each factor
  - Level 1 question – how important are the QLSFs overall for the hotel in relation to the other QLSFs?
  - By the executive management

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- 3) Individual evaluation of a marketing expenditure
  - Trade show in Moscow with LHW
  - Level 2 question – how important is each QLSF for the marketing expenditure?
  - By the executive management
- 4) Question to all participants:
- Does the knowledge of the QLSF and the weighting support the decision making process?
  - Likert:

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**Thank you!**

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## Appendix 2: Preparation Sheet – summary of all QLSFs

Qualitative Success Factors (Level 1 - overall importance)	Description	Selection - Sacher CEO
<b>Corporate Reputation</b> Corporate Image Functional Corporate Image Emotional Corporate Image Organizational Identity Corporate Identity Culture Behaviour Strategy Structure Design Communication Industry Identity <b>Brand Prestige</b> <b>Brand Awareness</b> Brand recognition Brand recall Depth brand awareness Breadth brand awareness <b>Market Presence</b> <b>Publicity</b> <b>Relationship Building</b> to customers, hotel guests to other hotels, competition, to institutions <b>Vision</b> Core Values Core Purpose Core Goal <b>Owners Objectives</b> Sustainability: Social Responsibility <b>Additional QLSF</b>   	How others see us Our hotel type, category, location, ... Our Quality and values Who we are How we would like to be  High perceived brand value Intention for identification and differentiation Confirmation of prior exposure to the brand Unaided retrieval from memory Easiness of recall and recognition of brand Situations where brand comes into mind Our presence - competition presence Attraction to public without paying Competitive advantage - cannot be duplicated by competition  Timeless guiding principles Hotel's reason of being Envisioned future Personal qualitative importance for the owner	
<b>Compliance (Yes/No)</b> Is it legal? Is it ethical? Is it safe? In line with our code of conduct?		

## Appendix 3: Weighting of the selected QLSFs (pairwise)

Analytic Hierarchy Template: n= 8 Criteria		QLSF - Case Study Hotel - Sacher							
Fundamental Scale (Row v Column)		Pairwise Comparison Matrix							
Extremely less important	1/9	Emotional Corporate Image	1	2	3	2	3	4	5
Extremely less important	1/8	Brand Awareness	1/2	1	2	3	4	4	5
Very strongly less important	1/7	Functional Corporate Image	1/3	1/2	1	2	1	4	5
Very strongly less important	1/6	Corporate Identity	1/2	1/3	1/2	1	2	4	5
Strongly less important	1/5	Relationship Building	1/2	1/3	1	1/2	1	2	1
Strongly less important	1/4	Core Purpose	1/3	1/4	1/4	1/4	1/2	1	3
Moderately less important	1/3	OO: Social Responsibility	1/4	1/4	1/5	1/4	1/2	1	2
Moderately less important	1/2	Market Presence	1/5	1/5	1/7	1/5	1	1/3	1
Equal Importance	1	Requirement-10	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Equal Importance	2	Requirement-11	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Moderately more important	3	Requirement-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Moderately more important	4	Requirement-13	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Strongly more important	5	Requirement-14	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Strongly more important	6	Requirement-15	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Very strongly more important	7								
Very strongly more important	8								
Extremely more important	9								
Column totals		3,6167	4,8667	8,0929	9,2000	11,0000	18,8333	22,5000	29,0000
		Cw (Normalised)							
1		0,276497696	0,410958904	0,370697264	0,217391304	0,181818182	0,159292035	0,177777778	0,172413793
2		0,138248848	0,205479452	0,247131509	0,326086957	0,272727273	0,212389381	0,177777778	0,172413793
3		0,092165899	0,102739726	0,123565755	0,217391304	0,090909091	0,212389381	0,222222222	0,24137931
4		0,138248848	0,068493151	0,061782877	0,108695652	0,181818182	0,212389381	0,177777778	0,172413793
5		0,138248848	0,068493151	0,123565755	0,054347826	0,090909091	0,10619469	0,088888889	0,034482759
6		0,092165899	0,051369863	0,030891439	0,027173913	0,045454545	0,053097345	0,088888889	0,103448276
7		0,069124424	0,051369863	0,024713151	0,027173913	0,045454545	0,026548673	0,044444444	0,068965517
8		0,055299539	0,04109589	0,017652251	0,02173913	0,090909091	0,017699115	0,022222222	0,034482759
9		0	0	0	0	0	0	0	0
10		0	0	0	0	0	0	0	0
11		0	0	0	0	0	0	0	0
12		0	0	0	0	0	0	0	0
13		0	0	0	0	0	0	0	0
14		0	0	0	0	0	0	0	0
15		0	0	0	0	0	0	0	0



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Requirement-14 Requirement-15		AHP		Consistency check	
1	±	0,285	28,5%	Consistency OK 8%	
2	±	0,211	21,1%		
3	±	0,134	13,4%		
4	±	0,122	12,2%		
5	±	0,098	9,8%		
6	±	0,061	6,1%		
7	±	0,048	4,8%		
8	±	0,042	4,2%		
9	±	0,000	0,0%		
10	±	0,000	0,0%		
11	±	0,000	0,0%		
12	±	0,000	0,0%		
13	±	0,000	0,0%		
14	±	0,000	0,0%		
15	±	0,000	0,0%		

0,0000	0,0000
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0

AHP-1	CA	Lambda	CI	CI/RI
0,246	0,8892	8,789624181	0,112803	0,08000245
0,219	1,066	Randomness Index, RI		
0,163	1,3179			
0,140	1,2899	3	0,58	1,41
0,088	0,9696	4	0,9	
0,062	1,1594	5	1,12	
0,045	1,0063	6	1,24	
0,038	1,0915	7	1,32	
		8	1,41	

## Appendix 4: Evaluation of a specific Marketing Expenditure

**Marketing Expenditure (ME):** Trade show in Moscow with "The Leading Hotels of the World"

How important is each QLSF for the specific marketing expenditure?

Please consider the importance of each QLSF for the ME and allocate a score

between 1 and 100 points for each factor; 1 point for very low and 100 for very high importance.

Compliance will be considered as a knock out criterion: 1 for yes and 0 for no

Level 1 Weight	QLSFs	Level 2 1-100	YES =1 NO = 0	Sum	combined Weighted
28,47	Emotional Corporate Image	70		70	19,93
21,09	Brand Awareness	50		50	10,54
13,36	Functional Corporate Image	60		60	8,01
12,18	Corporate Identity	75		75	9,14
9,80	Relationship Building	100		100	9,80
6,08	Core Purpose	80		80	4,87
4,82	OO: Social Responsibility	30		30	1,45
4,19	Market Presence	95		95	3,98
	Compliance		1		
100				560	67,72

Mean: 70

Total number of QLSFs: 8

Including knock out: 70

Result weighted: **67,72**

## Appendix 5: Level of Agreement

### Letzte Frage / last question:

Die Herangehensweise mit den qualitativen Erfolgsfaktoren hilft mir eine bessere Entscheidung über Marketingausgaben zu treffen.

*The approach with the weighting and evaluation of the QLSFs supports my decision making process concerning marketing expenditure.*

<input type="checkbox"/>	stimme stark zu	<i>Strongly agree</i>	6
<input checked="" type="checkbox"/>	stimme zu	<i>Agree</i>	5
<input type="checkbox"/>	stimme wenig zu	<i>Agree somewhat</i>	4
<input type="checkbox"/>	teils/teils	<i>Undecided</i>	3
<input type="checkbox"/>	lehne ein wenig ab	<i>Disagree somewhat</i>	2
<input type="checkbox"/>	lehne ab	<i>Disagree</i>	1
<input type="checkbox"/>	lehne stark ab	<i>Strongly disagree</i>	0

## Appendix 5: The focus group – participants of the survey

### Executive Management

Chief Executive Officer	Mag. Matthias Winkler
Owner	Mag. Alexandra Winkler
Chief Finance Officer	Michael Mauthner
Managing Director, Hotel Sacher Wien	Reiner Heilmann
Managing Director, Hotel Sacher Salzburg	Armie-Angelique Lassiwe

### Additional Managers

“Gastgeber” - Café Sacher Wien	Tobias Windlerl
Asst. Director of Sales, Hotel Sacher Wien	Hermann Greiner

Special thanks to all participants!!