



# The Effectiveness of the Marketing Mix for Guesthouses

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## Abstract

Marketing is a core management function for any business, but smaller tourism businesses seem to underestimate the value of effective marketing and handle marketing in a more informal and unstructured manner. This can decrease their effectiveness in attracting tourists and influence the success of their businesses. The purpose of this study was to investigate the relationship between marketing effectiveness and the application of the marketing mix by guesthouses in the Vaal Region. This was done using a structured questionnaire for which 451 were completed and used in the statistical analysis. Descriptive (frequency tables, factor analyses) and inferential (Spearman rank-order correlations) statistics were performed to determine the relationship in question. The results revealed five independent marketing mix factors with high levels of internal consistency, namely product (most important factor), place, price, promotion: advertising and promotion: direct contact. In the case of marketing effectiveness, two factors were identified, namely quality control (most important factor) and quantity control. Significant positive relationships were found between the adapted marketing mix and marketing effectiveness factors, with the strongest correlations found between price and quantity control as well as quality control. Smaller businesses such as guesthouses should take the adapted marketing mix factors seriously if they wish to be successful in their business and, if they lack skills and knowledge in this regard, it is worthwhile to improve their current knowledge or ask a marketing expert to assist in this process. It was clear that smaller businesses such as guesthouses should not underestimate the value of well-planned marketing efforts that are based on the marketing mix.

**Key terms:** marketing strategy, marketing effectiveness, marketing mix, tourism products, tourism, guesthouses

## Introduction

Tourism has proven to be one of the fastest growing sectors globally, and it is becoming vitally important to understand this industry as well as how tourists are informed regarding tourism products (Correia & Pimpao, 2008:330). Similarly, George (2014:25) added that this growth is also evident in the South African tourism environment, which is the number one sector in the service industry. Tung (2012:646) stated that 'marketing is not the art of finding clever ways to dispose of what one makes, but is the art of creating genuine customer value', and the marketer needs to focus on quality, service and value.



Therefore, marketing forms part of the planning and implementation of almost everything organisations do to facilitate an exchange between itself and its customers (Kotler & Armstrong, 2010:19). Marketing affirms that the key to meeting objectives of stakeholders and role players is by satisfying customers and converting people's changing needs into profitable opportunities (George, 2014:3). Grönroos (2004:102) also pointed out that marketing management needs to conduct effective marketing planning and implementation to improve relationships with customers. Added to this, Zostautiene and Vaičiulėnaitė (2010:877) indicated that marketing effectiveness depends on how the product is marketed to optimise their marketing spend. This will improve the results for both the short- and long-term objectives. Morrison (2010:56) stated that marketing in the tourism industry is becoming more sophisticated and the industry is steadily becoming less regulated.

Therefore, the ability to properly market a product is more important than the product itself, and marketing effectiveness can be improved by employing better and effective marketing strategies, especially in the case of small businesses. George (2014:4) argues that a marketing strategy requires decisions about the specific customers the organisation aims to attract. Marketing effectiveness strongly depends on the marketing mix (Moriarty et al., 2008:296). However, guesthouses are not necessarily considering all these elements of importance. In most cases, guesthouses are managed and marketed by one person who might be more caught up in the operational running of the guesthouse than in-depth and well-planned marketing efforts.

### **Literature Overview**

Marketing is a business function that identifies unfulfilled needs, determines which target markets the organisation can best serve, requires decisions on appropriate products and services to serve the chosen markets, and the calls upon everyone in the organisation to think and serve the customer (Tung, 2012:646; Walsh & Lipinsiki, 2009:569). Similarly, Dolnicar and Ring (2014:32) added that marketing includes the activities in an organisation that focus on satisfying customers' wants and needs while meeting company objectives. Arnett and Witmann (2014:328) and George (2014:25) outlined that needs of the customer have to be met and exceeded; even better than competition. Added to that, Leung et al., (2013:12) and Wilson et al., (2012:10) stated that the understanding the needs and wants of customers allows the creation of products that meet those customers' needs/wants, and ideally exceeds them. followed by internal and external communication that will create a desire to buy. Ahmad and Arif, (2016:303) and George (2014:3) also highlighted that a marketing-oriented organisation focuses on the satisfaction of customers' wants and needs while meeting the objectives of the organisation. For marketing to exist, an integral approach is needed where organisations no longer sell existing products to existing customers, but embrace new opportunities (Kotler & Armstrong, 2010:19).

The tourism industry includes 'a combination of tangible and intangible products, which are seen as a whole package perceived by the tourist as an experience that represents the core of the tourism product (Dolnicar & Ring, 2014:33). The marketing activity is likely to vary according to visitors' interests and circumstances, but also according to the experience being promoted by product owners. Therefore, tourism marketing involves the creation of a link between demand and supply. Slater et al., (2010:552) stated that marketing was not always a 'big' thing since organisations always believed it was not important. However, this has changed and the focus now is on satisfying customers' needs with a carefully and well-developed marketing mix. The role of marketing is consequently to ensure that the marketing mix for the product matches customer needs and that it seeks opportunities to use the organisation's strengths to market other products in new markets (Baron, 2010:1). This is an individualised and highly creative process. Each organisation must customise its marketing efforts in response to its environment and the exchange process in that environment. This is



a fairly easy process for bigger organisations which has employees who are dedicated to marketing. In the case of smaller guesthouses, there is not always a recognition of the importance of marketing attractiveness and an effective marketing strategy that is based on the marketing mix.

### **Understanding the Marketing Mix**

The marketing mix is traditionally known as the 4 Ps of marketing and includes: product, price, promotion and place and any one of these can be enhanced, changed or even deducted within reason to create a strategy necessary to effectively sell a service or product. This paradigm has been criticised and adapted by an number of researchers for example Goldsmith (1999) added 4P's to the traditional P's, Patterson and Ward (2000) focused on the four C's of marketing and Healy et al., (2001) developed the relationship trilogy. Even with these developments, according to Constantinides (2006:407), the traditional 4 Ps Marketing Mix Framework has been one of the most commercial and researched theories which serve as reasoning for applying it to the current research context. The wide acceptance of the 4P mix paradigm is the result of insightful exposure over years of research and application (Constantinides, 2006). It was first used by Neil Borden in the 1960s (Borden 1984:2), who identified 12 controllable marketing elements that would result in a profitable business operation (Constantinides, 2006). However, McCarthy (1964) proposed the four Ps classification, which has been widely used. The marketing mix is a combination of marketing tools used to satisfy customers and product objectives, and the creation of a successful marketing mix that will increase results often requires testing and thorough market research. Within this context, studying the effectiveness of marketing tools is essential for an appropriate marketing strategy.

The marketing mix is described as the basic input that aims to target and develop a specific customer segment to appeal to it by way of appropriate positioning in a better way (Font & McCabe, 2017:2). Zostautiene and Vaičiulėnaitė (2010:876) referred to the four Ps as the four variables in decision-making influencing marketing effectiveness, namely the product itself, the place to be sold, the marketing communication methods used to inform the consumers and the price of the product that should reflect its value to the consumers.

*Product* has been described as anything that can be offered to a market for attention, acquisition or use to satisfy a want/need (George, 2014:91; Lancaster & Reynolds, 2002:25). George indicated that it is important to develop the right product for the right market (George, 2008:263). Important variables to be considered in achieving this are, firstly, transforming needs into a satisfying product, and secondly, the quality of the product. Lancaster and Reynolds (2002:25-26) explain that the product is the basis of the marketing mix. Without a product there will be nothing to price, distribute or promote and therefore serves as the starting point for the marketing strategy.

In the tourism industry, production and delivery take place simultaneously. Dolnicar and Ring (2014) assert that most customers think about a product in terms of the total satisfaction it provides. Satisfaction can be reached if a combination of excellent service and the features of the product are offered to the customer. How the customers view the product also determines product quality and this should be borne in mind by marketers. Seen from a marketing perspective, quality means a product's ability to satisfy customer needs or wants. When comparing their products to competitors' offerings, marketing managers often focus on quality. However, a product is not a high-quality product if it is not what the target market wants (Perrault & McCarthy, 2000). Rigall-I-Torrent and Fluvà (2011:244) stated that many products can be seen as bundles of characteristics. Tourism-related products are no different. Tourists get satisfaction from the different components of the tourism product and service delivered. Zehrer (2009:332) stated that "tourism is a service-intensive industry that



is dependent on the quality of customers' service experiences and their consequent assessments of satisfaction or dissatisfaction." The importance of service quality in the tourism industry can therefore not be underestimated. Guesthouses can offer a variety of experiences, but are mainly focused on accommodation based on the principle of a bed-and-breakfast service. However, the product can become more attractive with additional products and services such as dinner, swimming pool, good location, star grading and more. How these products and services are packaged in marketing materials is important and requires knowledge and skills to be effective.

*Price* is concerned with the price consumers will be willing to pay for need satisfaction, and the amount the enterprise will be willing to receive to provide the need satisfactions (George, 2014:91). Lancaster and Reynolds (2002:27) stated that price has a direct impact on customers, the organisation and the economy. Important variables to be considered include the basic price, market share, competition, material costs, product identity and the customer's perceived value of the product and service. Pricing for guesthouses is not regulated, but based on services on offer. This is, however, the decision of the owner. Pricing directly contributes to the decisions of tourists to utilise the guesthouse or not.

*Promotion* is a communication process that takes place between an organisation and its various publics; it conveys the message to the customers (George, 2014:91). Promotion efforts should convince potential consumers of the benefits of purchasing or using the tourism product of a particular organisation or destination (George, 2008:332). The promotional messages can be communicated through advertising, e-marketing, direct marketing activities, public relations, personal selling, sales promotion, and social networks, engaging in sponsorships and using various forms of marketing collateral. The purpose of promotion is therefore to create and stimulate demand over the short- and long-term. Arnett and Witmann (2014:328) highlighted that effective promotion is consequently vital for the marketing success of a tourism product since there is a need to reach consumers because consumers are removed from the product in terms of time and space; an uninformed consumer's needs cannot be fully satisfied; consumers need to know about new products or new services, new and existing channels for existing products and services and businesses need to compete in a market. The purpose and also the value of promotion lie in the objective of promotion, namely to inform, to convince and to remind (Saayman, 2006:152). This might be one of the biggest challenges for guesthouses that most of the time choose the regularly available promotion channels. These might not be the best option for a specific guesthouse, but a lack of knowledge and skills keeps managers back from considering other options.

*Placement* (also known as distribution): Distribution channels are utilised to make tourism products available and accessible to potential visitors and therefore refer to how the product gets to the customers; it is concerned with transferring the need-satisfying product to the target market (George, 2014:91). This is especially a challenge in the tourism industry as the product is intangible and cannot be tested by the potential visitor. Place or distribution is an important factor in developing a service marketing strategy, such as tourism, because of the inseparability of services from the producer. Travel distribution has been affected most by information and communications technology, which is widely used in the tourism industry (George, 2011:318). The tourism industry cannot conform to one distribution system and this will probably never be possible or feasible. However, new technology allows the potential tourist to view a guesthouse on social media sites, which brings the product closer to the tourist.

It is clear that to achieve success in marketing, a manager must closely examine and understand all of the components of the marketing mix and related marketing aspects such as for example, inter alia, segmentation and marketing channels combine it into a well-



conceived marketing programme and manage them properly. Various hospitality operations fail because they are unable to combine the elements of the marketing mix into effective marketing programmes, or fail in the implementation thereof (Reid & Bojanic, 2010:18). Even though researchers have also developed other Ps (for example personalisation, physical assets, procedures etc.), these four remain the cornerstones for any organisation and should be implemented effectively. The importance of each element therefore supports the notion that the marketing mix contributes to the effectiveness of marketing efforts, but this is not always the case, especially with smaller products such as guesthouses. The implementation of the marketing mix should, however, be well planned and coordinated.

### **Marketing challenges in small organisations**

Small organisations approach marketing different to larger organisations. Okpara (2011:158) stated that “these types of organisations are limited by aspects such as limited resources (for instance finance, time, marketing knowledge); lack of specialist expertise (owner-managers tend to be generalists rather than specialists); and limited impact in the marketplace.” In many instances, small organisation marketing has been characterised as random, informal, loose, unstructured, impulsive and in most cases reactive. In smaller organisations, marketing is applied to a specific moment in time with little attention to planning, strategising and analyses. Larger organisations, on the other hand, formulate formal, well-structured and planned marketing strategies (Reijonen, 2010:279). Consequently, complex theories and sophisticated processes seem to be inappropriate in small enterprises. In many cases the owners of smaller firms such as guesthouses tend to view marketing too narrow. In many cases the role and potential of marketing are often regarded something close to sales management. It is even argued that small, medium and micro-enterprise (SMME) marketers may consider marketing to be a synonym of either selling or advertising marketing decisions.

Reijonen (2010:281) indicated that there is little empirical evidence supporting the claim that marketing activities improve the performance of a firm or not. It seems that to a certain extent an organisation can grow and increase without any marketing planning since word-of-mouth (for example referrals, reviews, previous stays) is so powerful and also stimulates demand (Kozinets et al., 2010). In small organisations, the managers play a key role in marketing. The marketers seem to rely on their personal contacts and are often driven by a certain way of doing business. The attitude, previous experience and expertise of the guesthouse owner can also make a difference in marketing. However, selling is seen as one of the most important marketing activities since the survival of any organisation is often dependent on sales. Consequently, SMMEs focus on the customer and more specifically on their needs with the aim to develop meaningful and sincere relationships with customers. Furthermore, the implementation of some other marketing practices is seen to be problematic in small businesses. It is argued that some of these businesses have weaknesses, for example concerning pricing and sales training (Reijonen, 2010:282). The measurement of marketing effectiveness has been difficult (McDonald 2010:383) due to the tangible (for example sales volume) and intangible (for example brand equity) effects of marketing (Sheth et al., 2009:14 & 23). This is especially the case for small businesses.

### **The importance of understanding and measuring marketing effectiveness**

Marketing effectiveness can be linked to the major attributes of a marketing orientation: customer philosophy, integrated marketing organisation, adequate marketing information, strategic orientation and operational efficiency. Most previous research suggests that marketing effectiveness is difficult to assess. It is, however, positively related to performance. It was indicated that marketing effectiveness depends on the ability to successfully implement marketing plans at various levels of the organisation. For example

on a management level more strategic marketing decisions and actions will take place as oppose to the operational level where marketing material is developed and distributed according to the strategic plan. The application of marketing on both levels are needed to increase success and effectiveness. Traditionally, marketing productivity analysis – mainly from an efficiency perspective – and the marketing audit concept – mainly from an effectiveness perspective – have dominated the approaches to marketing performance evaluation (Zostautiene & Vaičiulėnaitė, 2010:876). Morrison (2010:696) indicated that the market evaluation should include a sales analysis, a market share analysis, the marketing cost and profitability analysis, efficiency ratios, marketing-effectiveness rating review and a marketing audit. The latter specifically focuses on the marketing mix implemented by the organisation. If one lacks the skills to perform these activities, there might be a gap in the measurement and implementation of marketing efforts. Previous research studies (Morrison, 2010; Zostautiene & Vaičiulėnaitė, 2010) have therefore focused on the view of management and marketing management. However, the customer is the one that needs to respond to the marketing efforts and their view on marketing effectiveness has not been analysed. Marketing audits are usually done when problems are encountered, which is not the ideal situation. Even when marketing practises are going well, it is important to analyse the situation as one can always improve the marketing strategies (Morrison 2010:706). Even though marketing effectiveness is seen as important, it is clear that limited studies have been conducted in this field of research, especially in the tourism industry and for smaller tourism products (Sengupta & Chattopadhyay, 2006; Nwokah & Ahiauzu, 2008; Moriarty et al., 2008; Eusebio et al., 2006; Walsh & Lipinski, 2009; Simpson et al., 2006). It is important for guesthouses to know their target market, have money available for marketing, do effective marketing research and develop quality advertising material.

The research studies indicated above explored the importance of marketing, marketing effectiveness and the marketing mix at both national and international level, but not in the tourism industry or a local, smaller context such as guesthouses. It has also been found that managerial competencies lead to marketing effectiveness and that the marketing function is not always as well developed or influential in small, medium and micro-enterprises (SMMEs) as it is in larger organisations. This adds to the ineffectiveness of marketing strategies of these smaller products and can result in the closing of these types of businesses. It was evident that the organisations that could align their market offerings with a specific target segment achieved greater success and return on investment, as marketing is a costly function. The latter was also one of the functions of the marketing mix. Based on the review of literature related to the marketing mix and marketing effectiveness, the theoretical framework below (Figure 1) was developed for this study, showcasing the relationship between these variables.

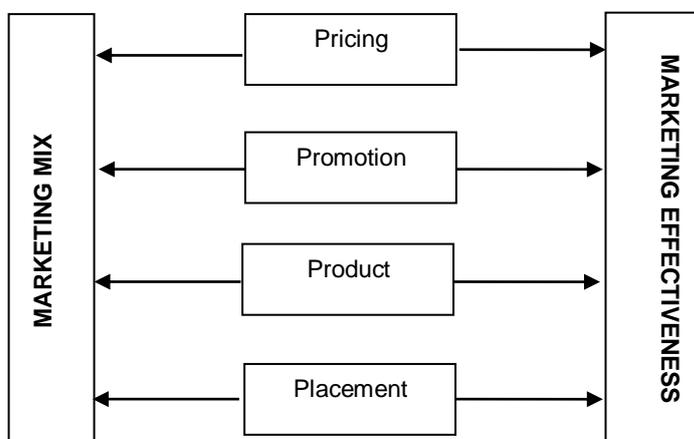


Figure 1: Theoretical framework for the research



This study therefore, fills a gap in literature regarding the marketing effectiveness of smaller tourism products such as guesthouses. The results will assist marketers and guesthouse owners in making strategic decisions about which products to market, at what price, how to communicate with customers about the products and how to deliver it to the targeted audiences at the right time. *Therefore, the question remains: What is the relationship between marketing effectiveness and the marketing mix of guesthouses?*

## Research Methodology

A quantitative research approach directed towards the guesthouse visitors of the Vaal Region in Gauteng (South Africa) was followed in this study to assess the effectiveness of the marketing mix. The sampling method was twofold. In the initial sampling phase, owners and/or managers of the guesthouses were approached to request participation in this project. In this phase, all guesthouses were included and resulted in 29 registered guesthouses that adhered to the definition of a guesthouse. These guesthouses were contacted and their cooperation was requested. Eleven guesthouses responded positively and were willing to distribute the questionnaires among their guests. In all cases respondents had a choice to participate and it was stated that they could not be identified in person with the information requested in the questionnaire. The exact number of visitors/tourists to the guesthouses was not provided by management, which led to non-probability sampling, namely availability sampling.

The sampling procedure was based on guidelines set by Krejcie and Morgan (1970:608) for general research activities, which indicated that the recommended sample size (S) for a population (N) of 1000 000 is 384. Based on this information, it was decided to complete 400 questionnaires, which are representative of the sample population. However, 500 were then divided among the 11 guesthouses resulting in 46 questionnaires per guesthouse. The second phase of the sampling (visitors) was therefore based on availability and willingness to participate in the survey. The visitors can give the most accurate view on the effectiveness of marketing of guesthouses as they are the ones exposed to the marketing efforts and influenced by it to make a decision. After completion of the distribution process, 451 questionnaires were suitable for analysis. The rest were misplaced by guesthouse owners or not completed by the visitors. The latter limits the generalisation potential of the findings, but it is still relevant for guesthouses in this area.

A questionnaire was developed based on literature related to the effectiveness of marketing and the marketing mix consisting of two sections. Section A focused on demographic information of the respondents as well as questions related to travel behaviour. Section B analysed the effectiveness of marketing based on the opinions of the visitors to the guesthouses by means of five-point Likert scales, where 1 is strongly agree and 5 is strongly disagree. The questionnaire was tested at two guesthouses, with 20 respondents, in the Vaal Region, before collecting the research data.

Revisions were made before finalisation of the questionnaire. The results from the pilot study were not included in the main survey. The Statistical Package for the Social Sciences (SPSS version 20) was used to process the information. Descriptive statistics and, more specifically, factor analyses were used to assess marketing effectiveness and the marketing mix. The exploratory results were obtained by means of ANOVAs, *t*-tests, and Spearman rank-order correlation analysis to determine the effectiveness of the marketing mix for the guesthouses.



## Research results

The aim of this section is therefore to present the analyses and discussion of the survey. This is done by firstly discussing the descriptive results of the study focusing on the profile and travel behaviour of respondents.

### Demographic profile of respondents

**Table 1: Demographic profile and travel behaviour of respondents**

| PROFILE CATEGORY                      | PROFILE ITEM                  | RATING                              | PROFILE CATEGORY   | PROFILE ITEM                  | RATING  |
|---------------------------------------|-------------------------------|-------------------------------------|--------------------|-------------------------------|---------|
| <b>Gender</b>                         | Male                          | 50%                                 | <b>Age</b>         | < 25 years                    | 16%     |
|                                       | Female                        | 50%                                 |                    | 26-30 years                   | 34%     |
| <b>Province of residence</b>          | Gauteng                       | 46%                                 |                    | 31-40 years                   | 31%     |
|                                       | KwaZulu-Natal                 | 6%                                  |                    | 41-50 years                   | 15%     |
|                                       | Western Cape                  | 6%                                  |                    | 50+ years                     | 14%     |
|                                       | Eastern Cape                  | 6%                                  |                    | <b>Marital status</b>         | Married |
|                                       | Free State                    | 10%                                 | Not married        |                               | 49%     |
|                                       | North West                    | 7%                                  | Living together    |                               | 11%     |
|                                       | Mpumalanga                    | 6%                                  | Divorced           |                               | 9%      |
|                                       | Limpopo                       | 10%                                 | Widow/er           |                               | 6%      |
| Northern Cape                         | 3%                            | <b>Number of holidays per annum</b> | Once a year        | 39%                           |         |
| Outside RSA                           | -                             |                                     | 2-3 times per year | 23%                           |         |
| <b>Number of stays in guesthouses</b> | Once a year                   |                                     | 39%                | 4-5 times per year            | 14%     |
|                                       | 2-3 times per year            |                                     | 28%                | More than five times per year | 23%     |
|                                       | year                          |                                     | 12%                |                               |         |
|                                       | 4-5 times per year            | 21%                                 |                    |                               |         |
|                                       | More than five times per year |                                     |                    |                               |         |

It is clear from Table 1 that gender was equally distributed with 50% male and 50% female. Most respondents reside in Gauteng (46%), followed by the Free State (10%) and Limpopo (10%). Gauteng remains an important travel group in the tourism industry. Most visitors were not married (49%), followed by those who were married (25%). Most respondents were between the ages of 26 and 30 years (35%), closely followed by those between 31 and 40 years of age (31%). The average age of respondents was 32.90 years. Thirty-nine percent of the respondents go on holiday once a year, followed by those going on holiday two to three times per year (28%). The average number of times respondents go on holiday per year therefore is 2.14. Most respondents visit the guesthouses only once a year (39%), followed by those who visit the guesthouses between two and three times a year (24%) and more than five times a year (23%). The respondents visit guesthouses 2.22 times per year on average.

### The relationships between marketing effectiveness and marketing mix elements

Analysing the exploratory results of marketing effectiveness and the marketing mix elements.

#### Analysing the marketing mix elements

The purpose of this factor analysis of the marketing mix elements was to group the elements and to determine whether the items in the questionnaire relate to the element. Therefore, four factor analyses were conducted and only promotion resulted in two distinct factors (see



Table 2). To examine the underlying factors of the marketing mix elements, a principal axis factor analysis with oblique rotation (direct oblimin) was applied in each case. Product, place and price resulted in individual factors, with promotion yielding two factors all with eigenvalues greater than 1.0 (Field 2005:633). In all cases, the Bartlett's test of sphericity was significant ( $p < 0.001$ ) and the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) was acceptable. The Cronbach alpha was computed to verify the internal consistency. In all cases, the Cronbach alpha was above 0.7, which is acceptable for exploratory studies. The Likert scale ranged from 1 as strongly agree to 5 as strongly disagree.

**Table 2: Factor analyses: Marketing mix elements**

| GUESTHOUSES SHOULD ....   | PRODUCT | PLACE | PRICE | FACTOR 1:<br>PROMOTION:<br>ADVERTISING | FACTOR 2:<br>PROMOTION:<br>CONTACT |
|---|---------|-------|-------|--|------------------------------------|
| create a relaxing atmosphere  | .718    |       |       |  |                                    |
| have modern equipment (air conditioner, furniture, communication devices, etc.) | .698    |       |       |  |                                    |
| provide adequate materials (soap, shampoo, towels)                              | .695    |       |       |  |                                    |
| serve hygienic, adequate and sufficient food and beverages                      | .682    |       |       |  |                                    |
| have professional staff   | .678    |       |       |  |                                    |
| have visually appealing buildings and facilities                                | .655    |       |       |  |                                    |
| perform services right the first time   | .642    |       |       |  |                                    |
| provide flexibility in services according to guest demands                      | .583    |       |       |  |                                    |
| distribute brochures through information offices                                |         | .763  |       |  |                                    |
| make use of a tour operator in marketing the facility                           |         | .762  |       |  |                                    |
| be easy accessible for the guests   |         | .761  |       |  |                                    |
| be well located in an area  |         | .699  |       |  |                                    |
| ask a price related to the competition in the area                              |         |       | .725  |  |                                    |
| consider economic conditions when determining prices                            |         |       | .701  |  |                                    |
| consider seasonality when determining prices                                    |         |       | .681  |  |                                    |
| be graded by the Grading Council  |         |       | .680  |  |                                    |
| provide unique facilities and services  |         |       | .667  |  |                                    |
| ask a price related to the services provided                                    |         |       | .658  |  |                                    |
| have a loyalty programme for frequent visitors                                  |         |       | .617  |  |                                    |
| provide value for money   |         |       | .468  |  |                                    |
| advertise on radio  |         |       |       | .881                                   |                                    |
| advertise in magazines  |         |       |       | .870                                   |                                    |
| advertise in newspapers   |         |       |       | .869                                   |                                    |
| advertise on television   |         |       |       | .852                                   |                                    |
| have a website  |         |       |       | .605                                   |                                    |



|  |              |               |              |              |              |
|--|--------------|---------------|--------------|--------------|--------------|
| advertise by means of social media (Facebook/Twitter etc.) |              |               |              | .416         |              |
| rely on word-of-mouth advertising                          |              |               |              |              | .774         |
| have adequate signage to improve marketing efforts         |              |               |              |              | .800         |
| keep in contact with visitors                              |              |               |              |              | .536         |
| <b>CRONBACH ALPHA</b>                                      | 0.823        | 0.732         | 0.804        | 0.878        | 0.555        |
| <b>MEAN (standard deviation)</b>                           | 1.53 (±0.50) | 1.69 (± 0.58) | 1.83 (±0.61) | 1.74 (±0.72) | 2.06 (±0.65) |
| <b>INTER-ITEM MEAN</b>                                     | .371         | .409          | .342         | .587         | .266         |
| <b>KMO</b>   | 0.874        | 0.739         | 0.855        | 0.835        |              |
| <b>VARIANCE EXPLAINED</b>                                  | 45%          | 55%           | 42%          | 59%          |              |
| <b>BARTLETT'S TEST OF SPHERICITY</b>                       | 0.000        | 0.000         | 0.000        | 0.000        |              |

The factor analyses yielded product, place and price to measure one latent variable, but promotion yielded two factors labelled *Promotion Advertising* and *Promotion Contact*. Product yielded the highest mean value ( $\bar{x}=1.53$ ), which included aspects such as equipment, provision of materials, food and beverages, professional staff and so on. This shows the importance of providing the right product and serving the needs of the visitors. Respondents then rated place as the second most important aspect of the marketing mix ( $\bar{x}=1.69$ ), which includes aspects such as accessibility, location, distribution of brochures.

Decision-making is in many cases influenced by location and accessibility and visitors search for options to suit these needs; therefore, explaining the importance of this aspect as part of the marketing mix. Under normal circumstances, a huge part of any marketing budget is focused on promotion and promotion efforts. Although the respondents agree that promotion is important, it was found that both *Promotion Advertising* ( $\bar{x}=1.74$ ) and *Promotion Contact* ( $\bar{x}=2.06$ ) yielded the lowest mean values of all the aspects.

### Factor analysis: Effectiveness of guesthouse marketing

Factor analysis was done to determine the underlying factors of marketing effectiveness for guesthouses. A principal axis factor analysis with oblique rotation (direct oblmin) was undertaken. The nine effectiveness aspects yielded two factors with eigenvalues greater than 1.0 (Field, 2005:633). These factors explained 54% of the variance and were labelled: 'Quality control' and 'Quantity Control'. The Cronbach alpha was computed to verify the internal consistency of aspects with each factor. Both Cronbach alphas were above 0.70 and therefore deemed adequate for analysis by means of a factor analysis. The Bartlett's test of sphericity was significant ( $p<0.001$ ) and the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) was 0.835, which is highly acceptable.

**Table 3: Factor analysis: effectiveness of guesthouse marketing**

| THE EFFECTIVENESS OF GUESTHOUSE MARKETING DEPENDS ON:         | FACTOR 1:<br>Quality control | FACTOR 2:<br>Quantity control |
|---|------------------------------|-------------------------------|
| effective marketing research                                  | .827                         |                               |
| the quality of information provided in the marketing material | .732                         |                               |
| the quality of advertising material                           | .676                         |                               |
| effective target marketing                                    | .663                         |                               |
| marketing knowledge of the owner/manager                      | .511                         |                               |
| number of years in the business                               |                              | .812                          |
| referrals by family and friends                               |                              | .790                          |



|                                  |               |              |
|----------------------------------|---------------|--------------|
| money available for marketing    |               | .697         |
| the number of advertisements     |               | .430         |
| <b>CRONBACH ALPHA</b>            | .770          | .718         |
| <b>MEAN (Standard Deviation)</b> | 1.73 (± .600) | 2.09 (±.722) |
| <b>INTER-ITEM MEAN</b>           | .407          | .390         |

Factor 1 (Quality Control) constituted aspects that relate to the quality of the marketing effort, including effective marketing research, the quality of information provided in the marketing material, effective target marketing and so forth. These factors also yielded the highest mean value ( $\bar{x}=1.73$ ) and therefore respondents strongly agree with the importance of quality control in marketing effectiveness. Secondly, Factor 2 (Quantity Control) constituted aspects related to quantity such as number of years in the business, money available for marketing, number of advertisements and referrals by family and friends. Quantity control yielded a mean value of ( $\bar{x}=2.09$ ).

### Relationship between the marketing mix and effectiveness of guesthouse marketing

Ultimately, it is important to determine the relationships between the marketing mix factors and effectiveness of guesthouse marketing to prove to small businesses such as guesthouses the importance of marketing.

**Table 4: Spearman's rank order correlations between the marketing mix elements and marketing effectiveness factors**

| MARKETING MIX ELEMENTS                 |                         | MARKETING EFFECTIVENESS FACTORS |                  |
|--|-------------------------|---------------------------------|------------------|
|  |                         | Quality control                 | Quantity control |
| <b>Product (N= 451)</b>                | Correlation Coefficient | .346**                          | .314**           |
|  | Sig (2-tailed)          | .000                            | .000             |
| <b>Place (N= 451)</b>                  | Correlation Coefficient | .416**                          | .393**           |
|  | Sig (2-tailed)          | .000                            | .000             |
| <b>Price (N= 451)</b>                  | Correlation Coefficient | .450**                          | .487**           |
|  | Sig (2-tailed)          | .000                            | .000             |
| <b>Promotion: advertising (N= 451)</b> | Correlation Coefficient | .385**                          | .395**           |
|  | Sig (2-tailed)          | .000                            | .000             |
| <b>Promotion: contact (N= 451)</b>     | Correlation Coefficient | .370**                          | .473**           |
|  | Sig (2-tailed)          | .000                            | .000             |

\* small  $r_s = .10-.29$ ; \*\* medium  $r_s = .30-.49$ ; \*\*\* large  $r_s = .50-1.0$ .

Table 4 indicates definite medium correlations between the marketing mix elements and the marketing effectiveness factors. It is clear from the results that these variables are dependent on one another, which supports the importance of creating an effective marketing mix that will result in marketing success. The combination of marketing mix elements will therefore directly contribute to better marketing efforts for guesthouses.

### Findings and implications

From the analysis of the results, the following findings and implications are reported:

Firstly, the factor analyses revealed product, price, place, promotion: advertising and promotion: contact as marketing mix factors. Product was identified as the most important element as part of the marketing mix of guesthouses and this was followed by place. Therefore, the product that the guesthouses offer should be of high quality and delivered to the satisfaction levels of the guests and it should be accessible for guests. All elements of the product should be presented to possible visitors in the marketing material. This implies



that guesthouses should determine a unique product offering and showcase that to potential visitors.

Secondly, the factor analysis on effectiveness of guesthouse marketing revealed two factors, namely quality control and quantity control, with the most important factor being quality control. For guesthouses to be successful, the visitors feel it is important for guesthouses to invest in marketing research, quality information in marketing and advertising material as well as ensuring that the owner (or his/her proxy) has the appropriate marketing knowledge. This highlights the importance of taking marketing seriously and making planned attempts to ensure effective marketing as that will take the business forward. However, if guesthouse owners or managers do not have marketing knowledge to conduct research or develop marketing material, it can influence the success of the marketing efforts.

Thirdly, the Spearman rank-order correlations revealed definite correlations between the marketing mix elements and the marketing effectiveness factors, which is core to this article. Specifically, price as marketing mix element yielded positive associations with both quality- and quantity control. As the importance of price increases, the importance of both marketing effectiveness factors increases. The price asked for the guesthouse experience and the value attached to that should be reflected in the marketing material as that creates expectations and ensure effectiveness. All the marketing mix factors correlated with marketing effectiveness indicating that successful marketing depends on the integrated effort of all factors. This implies that even smaller guesthouses should implement the marketing mix elements that can assist in improving the marketing effectiveness of the guesthouse. The investment in these elements is worthwhile for growing numbers to the guesthouse.

## Conclusions

It was the purpose of this research to investigate the relationship between marketing effectiveness and the application of the marketing mix by guesthouses in the Vaal Region. This was done using quantitative research among visitors to guesthouses. Significant to this study was the assessment of marketing effectiveness and the marketing mix in a guesthouse environment. The importance of implementing the complete marketing mix (product, place, price, promotion: advertising; promotion: contract) is often over-sighted by guesthouses as they do not see the worth of the investment in marketing. This research, however, shows the importance thereof, which should be emphasised to these types of businesses. It is important that guesthouses should realise that the application of an effective marketing mix will lead to marketing effectiveness.

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