

The Role Of Marketing Environment Audit In Marketing Performance Through Index Of Services Marketing Excellence (ISME) In Bandung Stars Hotel

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Abstract: The purpose of this paper is to explain the marketing performance of stars hotel in Bandung city– Indonesia through variables marketing environment audit (Kotler *et.al* 1977) in which their effects are mediated through variable services marketing audit known as Index of Services Marketing Excellence/ISME, (Berry,Conant and Parasuraman, 1991). The Population in this study consist of 73 hotels with various stars i.e 3 star hotels, 4 and 5 in the city hotel in Bandung. From this population 30 stars hotels were collected randomly in which 15 of them are 3- stars hotel, 11 are 4- stars hotel and 5 are 5- stars hotels. Other than that, some informan were interviewed to formed a qualitative aspect of this study, one informan from each stars hotel and one from hotel organization in Bandung. To analyzed the quantitative data we used Partial Least Squares, using SmartPLS-2 and Maxqda-11 to analyzed the qualitative data. The results of the study show that the influence of marketing audit services (ISME) to the hotel's marketing performance is not significant, both variable in marketing environment audit significantly affect the marketing performance, but Macro Environment audit is not significantly affect the ISME, whereas task environment audit significantly affect the ISME. Thus there is no indirect effect of Marketing Environment to the marketing Performance. Our finding give a special case of ISME application to hotel industry proposed by Berry 1991which is used in services industry in general. The model proposed in this paper related to the work of Wu (2011) in that we use ISME in addition to enviromental variables. Other benefit from this study implied that hotels must conduct a regular evaluation of their marketing activities and strategies comprehensively, sistematically, periodically and objectively.

Index Terms: Marketing audit, Marketing performance, Marketing Environment, ISME

1. INTRODUCTION

Bandung is a destination city for tourism from other city or other country it has a beautyfull panoramic view, good weather and people are very well come. Therefore there are many visitors to Bandung, and increase each year, but its hotels occupancy is decreasing every year. This rather sad growth is affected by an increase rate of hotel growth wich in turn resulting in a high competition between the hotels. Other thing is that government regulation regarding the use of hotel for meeting by Government officer is not allowed. The type of hotels in Bandung is a city hotel type, which mean the services they offer are meeting, bussines and social function, beside its selling room. This Type of hotel is generally located at city center, and their main function is not for relaxing and enjoying beautyfull panoramic view surouding hotel area. In recent years, marketing environment, especially Indonesia's political and regulation is changing so fast and experience turbulence that forcing the making of hotel strategic planning difficult. This in turn causing control and strategic evaluation experience the same difficulty or even failed. Other than this, hotel competition becomes so sharp therefore hotel marketing performance decreases. This pressure is also lead marketing executives to reconsider the goals, structure, and effectiveness of their marketing effort, like store atmosphere on retail (Alamsyah, 2015). Hotel management is increasingly looking for ways to evaluate marketing effectiveness. For the mean while, manager hotel in Bandung think that the reasons of lowering of occupancy is because their facilities and services is not satisfied. But their conclusion is not based on a comprehensive evaluation, such as marketing audit. A system is needed to assess objectives, strategies, and performance. The Marketing Audit provides a workable, worthwhile tool for managers to assess current performances and long-range goals. In this study we try to understand the effect of environmental conditions on marketing audit so we can get better understanding of how enviromental conditions

influencing the marketing performance through marketing audit.

2. LITERATURE REVIEW

The marketing audit is defined as the systematic examination of marketing objectives, strategies, and organizational performance. The ultimate goal is to identify underutilized resources and marketing to produce a recommendation for the way in which resources can be used and utilized more effectively (Kotler et al, 1977). Although marketing audit plays an important role in marketing operation as alluded in above paragraph but many companies do not know how to proceed. Some companies simply make many small changes that are economically and politically feasible, but fail to get to the heart of the matter as we mentioned in the above introduction. As Kotler *et.al* (1977) mentioned that there must be more orderly ways to reorient marketing operations to change environments and opportunities. In the literature there are some articles described the marketing audit in a number of conditions such as Rothe *et.al*(1997); Berry, Parasuraman and Conant (1991), Taghian and Shaw (2008). All of them describe the long journey marketing audit introduced by Shuchman (1959) and was subsequently developed by Kotler, Gregor and Rodgers (1977) who developed a seminal paper of marketing audit. Several approaches of marketing audit introduced by some authors such as Wilson (1982, 2002), Brownlie(1993,1996), they introduced checklist approach in marketing audit implementation. Other author, *i.e* Garfield(1992) implemented marketing audit in defferent way; she use computer application program. The following authors, Houser, (1986); Taghian and Shaw(2008),Mondal, (2009), Wu(2011); Ghanbari(2011), Radulescu(2012) applied the conceps to many companies with different business types, diverse approaches and tools as well. As far as we know, only few paper discussed the aplication of Marketing audit to hotel industry. One of them is Goffe(1983). He said that :

“Hotel management is increasingly looking for ways to evaluate marketing effectiveness. A system is needed to assess objectives, strategies, and performance. The Marketing Audit provides a workable, worthwhile tool for managers to assess current performances and long-range goals”. Thus our study add and application of marketing Audit to the hotel industry. Berry, Conant and Parasuraman(1991) introduced marketing audit for services industry known as index of service marketing excellence (ISME). ISME framework is different with traditional marketing audit in that ISME service emphasized. Although the role of ISME is to improve marketing performance but not many study has been used in City Hotel. A rather different view of marketing audit is given by Wu (2010). He states that the marketing audit may change the attitude of management toward a more omprehensive awareness of the environment, a more objective and a less intuitive approach in decision making, and allowing independent opinions to be expressed and be used to achieve organizational objectives. As has been mentioned above marketing audit in general will improve marketing performace. But as Berry et al (1991) mentioned a services marketing audit that does not capture employee perceptions of the degree to which they feel motivated, prepared, and able to perform marketing functions would be incomplete.

3. RESEARCH MODEL

The relationship between research variables considered in this work is displayed in following picture:

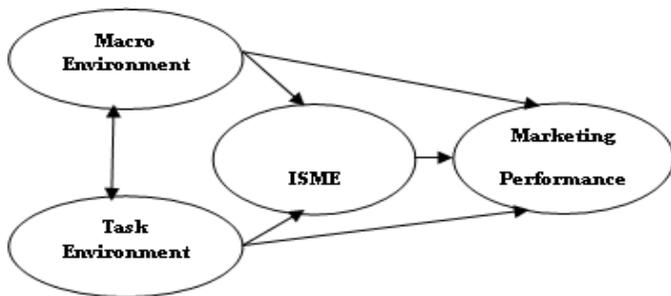


Figure 1: Marketing Performance is a function of ISME and Marketing Environment

The above model is formed based on some results of other authors who study marketing audit and its role to improve marketing performance. The relationship between marketing environment and marketing performance is base on Kotler study. Kotler et al, 1977 proves that there is a relationship between marketing environment audit and marketing performance. Other researchers that also study the relationship between marketing environment and marketing performance. Odote et.al (2013), conducted a quantitative study about company performance of Kenya power company. Their conclusion suggest to use management Information System in monitoring environment continuously to improve company revenues. According to Wu(2011), marketing environment has a positive and strong relationship with marketing performance in Taiwan industries.He found the result trough Quantitative study. In the following we will discuss the relationship between ISME and marketing performance. Schimmel (1997) conducted a quantitative study in law firm, he found that ISME affected bussines excellence

wich indicated the marketing performance. Gama (2012), trough quantitative study, proved that company profit and customer satisfaction, both are marketing performance indicators, is affected by ISME. The last we will show the relationship between marketing environment and ISME. So far there are a few literatures discuss their relationship. In our view, ISME is based on marketing audit but emphasizing on marketing services. ISME is introduced with a reason that managing manufactures and services industries is different, in that services involve employers where as manufacture involve goods. Thus marketing audit for services must be different with manufactures. Therefore application of ISME ini hotel industry is appropriate, in this industry manager of hotel interact with employee that she/he must manage. ISME is a kind of tools for evaluating the marketing planing and implementation. Planning and implementation of marketing programs require a comprehensive, systematic, periodic and objective study or consideration of marketing environment. Marketing environment, in our study, consist of two component namely macro environment and task environment. Macro environment have several dimensions such as demography, economic, political and Sosial culture. Therefore Macro environment condition affect bussines performance in general including hotel. A turbulance in regulations, political and monetary condition complicates the planning, implentating and evaluation of hotel bussines strategic. Thus implenting of ISME is affected by macro environment condition. Task environment have several dimensions such as market, consumers, and competitors. In every bussines it is understood that consumer must be treated as a “king”, and competitors being must be considered as threat. Therefore task environment condition must be evaluated regularly and comprehensively for hotel bussines sustainability.A lack of considering these element complicates the planning, implentating and evaluation of hotel bussines strategic. Thus implenting of ISME is affected by task environment condition.

4. DATA ANALYSIS

to our model There are two sub models related in figure 1. In the following is the first sub model relating dependent variable marketing performance to three independent variables namely macro environment, ISME and task environment. The regreition model for the sub model 1is :

$$MP = \beta_1 AME + \beta_2 ISME + \beta_3 TME + \epsilon$$

Based on data collected from 30 hotels we found the estimate of regreition coefficient sub model 1 above written on each arrow as follow (Figure 2), and thus the regression samples :

$$MP = -0,21AME + 0,73 ISME + -0,10TME + \epsilon$$

The result of hypohtesis testing of each regression coefisient is displayed in the following table 1.



Figure 2 : Sub Model 1

Table 1 : Significance result of independent variables in sub model.1

Independent Variables	Marketing performance	t-value	Significance (5%)
Macro Environment	-0,2072	5,134	Significant
ISME	-0.0880	1,073	Non Significant
Task Environment	0,7321	6,3831	Significant

Next is the second sub model relating dependent variable ISME with respect to two independent variables namely macro environment and task environment. The regression model for the sub model 2 is :

$$ISME = \alpha_1 ME + \alpha_2 TE + \varepsilon$$

From the data we obtained the estimate of regression coefficient in sub model 2 above written on each arrow as follow (Figure 3), and thus the regression samples :

$$ISME = -0,024 ME + 0,81 TE + \varepsilon$$

The result of hypothesis testing of each regression coefficient is displayed in the following table 2.

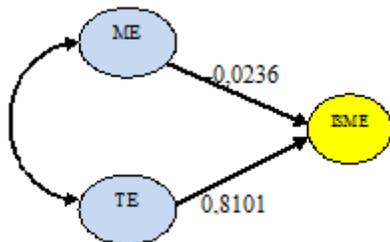


Figure 3: Sub Model 2

Table 2 : Significance result of independent variables in sub model.2

Independent Variables	ISME	t-value	Significance (5%)
Macro Environment	-0,0236	0,6976	Non Significant
Task Environment	0,8101	23,466	Significant

5. DISCUSSION

From the above table 1 we can see that three of the variables : Macro Environment and Task Environment, are significant. Whereas ISME is not significantly influencing hotel Marketing Performance. Task Environment positively influence the Marketing Performance which mean that the more Task Environment considered the higher the Marketing Performance. But the effect of Macro Environment to Marketing Performance is negative. This mean that the higher the Macro Environment the hotel's least Marketing

Performance. This result can be explained as follows, because from manager hotels responses to our questioner, they interpret marketing audit the same as an accounting auditing or financial reporting. This conclusion is supported by our qualitative approach using interview, we found the information from the informan that we interviewed that they actually do not know and even do not have the tools of marketing audit. As for ISME, It is not significant because marketing environment, in Indonesia, experience political, economic and laws turbulances. New regulation published by Ministry of Tourims, regulated that government officer prohibited to make meeting or conference in hotel. The Monetary rate of Indonesia currency to USD. This condition make hotel's strategic planing that has been set up undergoes many changes. This lead manager hotel do not able to make marketing audit. From the above table 2 we can see that Macro Environment is not significant but Task Environment is significant affecting ISME. Task Environment positively influence ISME which mean that the more Task environment considered the higher the ISME. This can be explained because one of the Task Environment concern is on customers and competitors, and the concern of ISME is on employee who has been instructed to serve customers and do competitive intelligence of his competitors.

6. CONCLUSION

Hotels' Marketing Performance declined as a result of the implementation of the Environmental Audit Macro is not optimal due to the ever-changing macro environment, the lack of appropriate methods and properties of the management pragmatism. In addition, Macro Environmental Audit requires competent personnel to analyze the environmental field related to macro-economic circumstances, Demographics, Politics, Social Culture and Technology. As a result of the marketing environment audit has not been done properly than strategic planning has not worked well. This happen because hotels' management does not conduct competitive intelligence on the movement of competitors in business. So that the SWOT analysis does not yield accurate information. To improve hotels' marketing performance, hotels' manager enough to consider only the macro environment and task environment. This is because ISME has small effect on hotels' marketing performance. The task environment has a very large role in planning ISME, since it involves customers and competitors that need attention. ISME shall comply with the task environmental audit results. Audit Marketing generally understood by the hotels' management as financial planning and evaluation activities to finance, not involving aspects of marketing activities undertaken by employees especially. Hotels' managers do not fully understand the concept of a checklist approach

7. REFERENCES

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