

## SPECIFICATION OF TARGET MARKET IN SMALL AND MEDIUM SCALE ACCOMADATION BUSINESSES: A STUDY ON BOUTIQUE HOTELS OPERATING IN CITY OF MUGLA

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*Turkey's natural and historical beauties are available for tourism facilitate the development of the industry in the country. However, uncontrolled construction and damaging nature unconsciously by building concrete walls on the sides of coastlines keep weakening the industry. In this respect, boutique hotels are emerging as small and medium sized enterprises (SMEs) which are built either by protecting the natural plantation or by restoring old buildings. The main goal of this research is to introduce boutique hotels as a flourishing enterprises in the light of changing structure and trends of tourism industry, to determine the contributions of boutique hotels to Turkish tourism industry, to point out and call attention to the problems of these enterprises according to demands and expectations of guests, and to develop some solutions concerning existing problems, to specify what kind of marketing tools are used and to investigate targeting strategies of the enterprises defined.*

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### INTRODUCTION

Hospitality enterprises lead the whole tourism industry in which an integrated product offered that is composed of complementary and consecutive services, even if every sub-industry signifies. The reason for



its significance is that countries and regions can host tourists in proportion to the capacity of hospitality industry. In hospitality industry, there are many enterprises with varied types and attributes but small and medium sized hospitality enterprises (SMHEs) constitute the biggest share and make a major contribution to their owners, employees, countries and the other stakeholders. Hospitality enterprises are the organizations that attract the guests who have high discretionary spending power. Expenditures of tourists contribute directly and indirectly to the national economy. Especially in developing countries, foreign currency created through tourism has a part in leveling the balance of payments. Therefore, to run these enterprises with minimizing the problems encountered and achieving the goals matter for existing condition and future of the industry. Exerting more efficient marketing efforts is the only way to do that. Among the succeeding marketing efforts of hospitality enterprises are to conduct continuous market researches, to chase the trends in consumers' needs and wants as well as to develop the goods and services in line with those needs and wants, to find new target markets and to create new needs and wants for the goods and services offered by the enterprise.

In the light of marketing efforts stated above, in order to define the appropriate market for their services, hospitality enterprises segment the entire tourism market by using the right measures, after that, they carry out the marketing efforts on most profitable segments in which they satisfy the customers most. For hospitality enterprises, it is vital to define potential segments from the complex tourism market embodies different likes, expectations and discretionary spending power.

### **SMALL AND MEDIUM SIZED HOSPITALITY ENTERPRISES (SMHEs)**

The reason for existence of SMHEs is rising the number of traveler depending on the development of road haulage and meet the emergent demand. SMHEs have developed over time due to their adaptation ability to the changing demands. Formerly tourists had been staying for just spending the night whereas now they have long standing holidays in these businesses because SMHEs can offer every kind of facility to their guests exactly what large sized hospitality enterprises offer, besides guests can communicate face-to-face with employees intimately. The guests feel comforted in these boutiques due to fact that modern-day customers look for warm interest. This strengthens the guests' loyalty to the brand.

The enterprises which do business in tourism industry in Turkey were

assumed as a SME with 8. five-year development plan. By this way investments on accommodation facilities were taken into the scope of SMEs in official statement regarding state supports published in 18.01.2001 dated official gazette (Akalin, 2006). It is stated that small and medium sized enterprises in tourism industry would be given priority and would be regarded as SMEs depending on the trends in demand structure (Aykin, 2001).

### **BOUTIQUE HOTELS as a SME in HOSPITALITY INDUSTRY**

Turkey's tourism potential, even if it is full of nature and history, are not put to good use and got stuck in the triangle of sea-sun-sand. However boutique hotels, which run business in different places of the country, give support in diversification of tourism. The guests are hosted in a comfort that don't make them look for it at home; meanwhile they have opportunity to communicate directly with managers and employees. If the guests are satisfied, both they spend their time in the same hotel and make positive word-of-mouth. Moreover the guests don't seclude as in all-inclusive hotels, they make tradesman earn money by their purchases.

In recent years, small hospitality enterprises, defined as a boutique hotel, diversify the tourism in Turkey (Boone and Kurts, 1995). The diffusion of tourism- by diversifying it- to the whole of year is all and end all in the development of boutique hotels. Thus tourism industry begins to contribute more to national economy and it smoothes to level the balance of international payments disequilibrium.

### **Definition of Boutique Hotel**

As attracting both domestic and international tourists attention, boutique hotels are sympathetic, private, comfortable facilities serving in total quality mentality, supporting a concept, having a context, narrating to lodging customers, serving in home comfort, recognizing guests needs and fulfilling them.

Boutique hotel is defined as per article 43 in Regulation on the Required of Ministry of Culture and Tourism as "an authentic hotel in terms of architecture, furnishing and decoration that offers high quality of customizable service, with at least ten rooms and with experienced and educated employees, also has the qualifications below" (Caglar and Kilic, 2005):

- a) Modern, replica and quaint furnishing and decoration,
- b) Comfortable rooms qualified as same as for a five-star hotel,
- c) Capacity for lobby, breakfast-dining hall and lounge,

- d) Control room,
- e) A la carte,
- f) Air conditioning system,
- g) Round the clock room service,
- h) Laundry service,
- j) Parking facilities,
- k) Daily newspaper service for rooms selected by the guest.

On the other hand, with its fascinating ambiance and customer-oriented philosophy, a boutique hotel places emphasis on luxury, quality and hospitality, moreover it offers an exhilarating holiday for the guests. From the view of boutique hotels, authenticity of business is more significant rather than the size. The boutique system privileges the guests either with its cuisine, architecture, and indoor elegance or hotel area and business entirely.

In other words, boutique hotels- defined as also HIP (highly individual places) bring a breath of fresh air to small and medium sized hospitality enterprises. Spending the night in a boutique hotel carries the guests away for an adventure in real terms (Daniel et al, 1998).

## **SEGMENTATION of SMALL and MEDIUM SIZED HOSPITALITY ENTERPRISES**

Due to intangibility of the product in tourism industry, to carry out marketing efforts are harder in hospitality enterprises in comparison to others. Perceived values and satisfaction are intangible. Moreover perception and satisfaction are influenced by past experiences and environment of a potential consumer. So marketing managers must analyze and define the needs of consumers properly, and then must plan how to perform the services (Denizer, 1994). Some of the segments targeted are not profitable enough to create satisfying return on investment because of their being short-term. The main aim of segmentation strategy is to find the most profitable and long-term one/ones. In this respect, while marketing managers perform the segmentation strategies defined, they must aim at developing long-term relations with customers (Erdem, 2000).

Market segmentation offers four benefits: Firstly, it provides a base for targeting; secondly it enables to develop more efficient marketing mix, in this way, to satisfy the needs of target market would be easier; next to diversify the goods/services would be easier; lastly it serves for determining the opportunities and threats in the market (Güney, 1996).

Marketing managers benefit from varied criteria for market

segmentation. In other words, the total market is divided to homogeneous segments with similar needs, wants, properties and behaviors. Segmentation means a strategy to define the dissimilarities among the segments and to devote marketing assets to these different segments (Hart and Troy, 1986).

The main purpose of market segmentation is to analyze the demand. Because the hospitality industry includes varying demand structure, complicated marketing decision-making is needed to satisfy the customers. For that reason, segmentation is the only way to get rid of complexity and to clarify customer needs. The potential customers are grouped of similarities of needs. The criteria for segmentation depend on the type and properties of business services. For instance a city hotel market segmentation is related to business trips and a resort hotels market segmentation is related to vacation trips. (Hooley et al, 2004). In short, the main goal of segmentation process is to develop a marketing mix that fits to needs of targeted segments (Icoz, 2001).

### **Segmentation Criteria**

There four main criteria for segmentation; some of them base on consumer qualifications (preferences or demographics) and the others base on consumer behavior towards product (Karaser, 2005).

#### ***Geographic Segmentation***

Geographic segmentation is the best starting point for demand analysis in marketing (Kotler et al, 1999). In this type, hospitality enterprises segment the whole market by focusing on where the target market lives. By analyzing every geographic segment, the enterprise devotes its marketing efforts to the segment that includes more potential consumers. This kind of segmentation calls for dividing the market into geographical units such as countries, regions, states, and cities (Kozak et al, 1998).

#### ***Demographic Segmentation***

Demographic segmentation divides the market into groups based on socio-economic variables such as age, gender, family size, family life cycle, marital status, income, occupation, education, religion, race, generation and nationality (Meydan, 1998). These are called socio-economic variables as well (Morrison, 1996). Demographic segmentation

comes up in different ways. For example, there is a highly positive correlation between income and vacation. When income level of tourists increases, they go for a holiday more frequently, spend longer duration on holidays and they prefer higher quality in hospitality enterprises (Mucuk, 1990).

### ***Psychographic Segmentation***

Psychographic segmentation aims at dividing consumers into different groups based on lifestyle, personality characteristics, and interests regarding their leisure time and accommodation preferences. The purpose is to pair up the consumers with similar psychographic makeup (Muderris, 2005). Psychographic variables are expressive and explanatory in comparison to demographic variables due to the fact that they emphasize on the reasons of consumers behavior. Thus psychographic segmentation is discussed in two points: Lifestyle and psychocentric/allocentric personality (Powers, 2005).

### ***Behavioral Segmentation***

Behavioral segmentation is a type that divides consumers into groups based on occasions, benefits sought from hospitality enterprise and loyalty status to the enterprise by analyzing past, current and predicting future preferences. Thus psychographic segmentation is discussed in three points; frequency of travelling, frequency of preferring that enterprise and loyalty status.

## **MARKET TARGETING in SMALL and MEDIUM SIZED HOSPITALITY ENTERPRISES**

Which markets do we, as a hospitality enterprise, target to service? After segmentation process, hospitality enterprises need to find the segment that is the most appropriate in terms of profit and customer satisfaction. The segment or segments targeted are called target market.

In other words, target markets in hospitality industry are segments that the enterprise performs its efforts best, reaches the highest profit and hence the most advantageous market for the business. Deciding which and how many segments the enterprise will target is one of the most influential and significant decision on marketing mix (Pride and Ferrell, 2000).

## **Targeting Strategies of Small and Medium Sized Hospitality Enterprises**

After evaluating different segments, the enterprise must now decide on which and how many segments to target in pursuance of its own service quality and in this direction it must develop its marketing mix. Market targeting enables to analyze the market successfully and to define the possible difficulties in performing marketing efforts. The ability to adopt the changing customer needs with existing capability constitutes the most important factor in succeeding in targeting (Reid, 1989).

Targeting strategies are based on varied factors such as the structure of competition in the market, competitive power of the enterprise, opportunities in the market, and capabilities of the enterprise and so on (Ronald, 1997). Market targeting can be carried out at three different levels: Undifferentiated marketing, differentiated marketing, and concentrated marketing strategies.

### ***Undifferentiated Marketing Strategy***

In this strategy, an enterprise decides to ignore market segment differences and target the whole market. The enterprise designs an offer and a marketing program that will appeal to the largest number of consumers. The strategy, also called as mass-marketing, ignores the differences between segments and deals with the total market. The undifferentiated strategy focuses on what is common in the needs of consumers rather than on what is different. Therefore the enterprise cannot benefit from the advantages of segmentation. A marketing program is planned in order to appeal to the largest number of consumers is planned. Mass advertising efforts are applied for positioning (Tek, 1999). The undifferentiated strategy is approached if there is a segment, must be large enough, that perceives the service in a same way (Tsiotsou, 2006).

### ***Differentiated Marketing Strategy***

In differentiated marketing strategy, the enterprise decides to target several market segments and designs separate offers for each. On the other hand, the enterprise must pay attention to the necessity for product/service differentiation in comparison to the competitors' offers. The differentiation strategies can be applied are product differentiation, service differentiation, and image differentiation.

### ***Concentrated Marketing Strategy***

The hospitality enterprise devotes its all efforts to develop a service to a segment. Instead of going after a small share of a large market, the enterprise goes after a large share of one or a few smaller segments. This strategy is especially appealing when the enterprise resources are limited. Through concentrated marketing strategy, the enterprise achieves a strong market position because of greater knowledge, experience and specialization. If the enterprise concentrates on the right segment, by the help of specialization it can market more efficiently in terms of production, distribution and promotion programs to compete profitably (26).

Beyond deciding which segments of the markets the enterprise will target, it makes an effort for positioning to serve for targeted segments. Positioning is the way to place existing or new products/services in the market (in consumers' minds). The purpose of positioning is to attract attention of customers to products/services of the business, by this way to create a differentiated value relative to competing products. There are four generally accepted positioning strategies in the literature: Positioning on competition, positioning on product line or product attributes, positioning on price and quality, positioning on target market.

After choosing a positioning strategy, the business must differentiate itself by using physical differentiation, service differentiation, employee differentiation, and location differentiation to gain competitive advantage.

## **A STUDY to INVESTIGATE the TARGETING STRATEGIES of BOUTIQUE HOTELS in MUGLA PROVINCE**

### **Research Methodology**

In this study, changing structure of and new trends in tourism industry is investigated. In this respect, the targeting strategies performed by boutique hotels are evaluated within the context of service marketing.

Subject of the study is small and medium sized hospitality enterprises (SMHEs) so scope of the research is chosen as boutique hotels in Mugla Province due to the peak density of these enterprises.

### **Research Objective and Importance**

The study aims at defining the contributions of boutique hotels, which have risen as SMEs, to Turkish tourism industry, calling attention

to their problems and to analyze marketing and targeting strategies of them. Moreover;

- Wants, expectations and problems,
- Targeted tourism type,
- Properties of products/services offered,
- Target market and its properties,
- Decision about which countries to enter, if international market is targeted,
- Marketing channels and strategies,
- Tools used in marketing and sales promotion,
- Positioning strategies,
- Analyzing the problems encountered in marketing and general issues of boutique hotels are investigated.

### ***Research Method***

Data was collected through field study and a survey. Survey is a descriptive method for a past or for a current situation as it has been (29). The aim is especially to investigate the targeting strategies of boutique hotels. In the questionnaire, respondents were asked 36 items appropriately to the research objective.

With the data obtained, frequency distribution and then test of normality were applied on variables. Non-parametric statistics were approved for analysis. In this direction, Spearman's rank correlation, Mann-Whitney U and Kruskal-Wallis tests were applied. Through the statistical tests mentioned above, in the study, target markets, service properties, marketing strategies and marketing tools of boutique hotels were investigated and in this respect, the contributions of boutique hotels to Turkish tourism were introduced.

### ***Data Collection***

The data was collected in April 2008 from the boutique hotels which run business in Mugla province. Questionnaires were answered by owners and managers of the enterprises through face-to-face interview. A total of 74 of questionnaires were provided to the respondents but 50 respondents handed back because 6 of them were under construction and 18 of them are seasonal enterprises so they were not operating during the study.

## **Data Analysis**

Findings are presented below as a result of frequency distribution.

### ***Ownership Status***

50% of the hospitality enterprises are single proprietorship, 20% are limited, and 5% are corporation. It is observed from frequency distribution of respondents that boutique hotels are mostly single proprietorship enterprises. Having few rooms and being physically small are relating to this kind of ownership and bring along family business which can be easily managed by the family members.

### ***Operation Period of the Enterprises***

30% of the respondents have been running business more than 10 years, 18% of them are between 8-10 years, and great amount of the enterprises (52%), approximately 26 of 50 enterprises, have been operating from 2002. Thus, it can be concluded that boutique hotels have emerged in Turkish tourism industry in 2002 and after.

### ***Period of Service (seasonality)of the Enterprises***

It is found that 62% of the enterprises are seasonal and this finding projects the seasonality of Turkish tourism. Touristic services diversity problem, dependence on just sea-and-sun tourism, infrastructural deficiency, international and domestic marketing inadequacy for some periods are the main factors for this situation.

### ***Number of Rooms in the Enterprises***

In terms of room capacity, 18 from 50 respondent enterprises (36%) are 16-20 roomed, 12 of them (24%) 11-15 roomed, 11 of respondents (22%) are 21-25 roomed, 6 of them (12%) 5-10 roomed, and 3 of them (6%) are 26 and more roomed. It can be reached that boutique hotels keep the number of rooms few in order to make the guests feel at home, to maintain the interactive and intimate relation between guests and employees and so to service above and beyond the expectations of guests.

### **Tourism Type of the Enterprises**

54% of the boutique hotels run business for holiday tourism, 46% of respondents are for business tourism. The reason for going towards to holiday tourism is being small-sized, being seasonal and not having enough capacity for business meetings.

### **Existence of Marketing Department**

As it is seen at the table below, 18% of the boutique hotels have marketing department whereas the great amount of them (82%) don't have. Being small-sized may be the reason.

**Table 1.** Existence of Marketing Department in Boutique Hotels

<b>Marketing Department</b>	<b>Number</b>	<b>Frequency</b>
Exists	9	18,0
Do not exist	41	82,0
<b>TOTAL</b>	<b>50</b>	<b>100,0</b>

### **Decision-makers of Marketing Strategies**

With a percentage of 68, marketing strategies of boutique hotels are decided by owners. This is because boutique hotels are mostly single proprietorship and small enterprises with limited capacity. It is observed that marketing decisions are made by professionals, who are educated and experienced in marketing field, in only 6% of the boutique hotels. In addition, with a percentage of 8, general managers decide upon marketing strategies and in 18% of boutique hotels, marketing strategies are decided in common by the parties mentioned above. From this point of view, it can be reached that the existence of employee who are lack of marketing knowledge, ability and experience, lies at the heart of the problems which SMEs face. The situation is accepted by owners but they don't strive enough for changing because of their structural characteristics.

### **Target Markets**

90% of the respondents do business for both domestic and foreign

markets. Moreover 6% of boutique hotels target just foreign market whereas 4% of them target just domestic market. It is seen that most of the boutique hotels don't make a distinction between domestic and foreign markets because they aim to attract high income guests. Rareness of boutique hotels which target only domestic market testifies it.

### ***Level of Customer Loyalty***

The respondents are asked the number of loyal customers and they are requested to choose a group that is composed of 10 people. A considerable amount of respondents (36%) stated that they have loyal customers range from 41 to 50. Moreover, 7 boutique hotels expressed that the number of loyal customers they have are more than 51. These boutique hotels constitute 14% of total. When the aim of boutique hotels- to create customer loyalty, to develop long-term relationship with customers and to make them visit again and again, to service better at every visit- is taken into account, it can be reached that 50% of the respondents succeeded in this way.

### ***The Reasons for Loyal Customers' Preferences***

In order to explore the reasons of loyal customers in preferring that boutique hotel, the respondents are offered 9 items and they are asked for prioritization these items. According to the prioritization results, "customization in service" takes the first place (48%), "satisfaction in previous visits" ranks number two (46%). Sequentially "high quality of service" (44%), "special attention to guests" (38%) participate on the list.

### ***The Criteria for Segmentation***

Due to the fact that services need high level of contact with customers, to satisfy every customer in tourism market all but impossible. So enterprises need to segment the whole market by varied criteria and to group the customers with similar needs, and then to target the segment or segments comparatively to the capacity they have. Because of intangibility of the product and the great effect of individual factors on customer perceptions, while boutique hotels are going segmentation- the process of homogenization of heterogeneous market, "behavioral segmentation" is the most applied criteria (42%) which bases on occasions of the visit and benefits sought from it, in order to understand the root causes of needs and wants, by this way to develop an effective

marketing mix. In terms of segmentation criteria applied by respondents, psychographic segmentation takes the second rank (34%) whereas both “geographic segmentation” and “demographic segmentation” constitute 12%.

***The Distribution of Segmentation Criteria and Loyal Customers***

At the table below, it is seen that the boutique hotels, which prefer behavioral criteria for segmentation, have high number of loyal customers. In this respect, it can be concluded that boutique hotels choose the right criteria for segmentation, so with behavioral segmentation, it is possible to create customer loyalty and make them satisfy because the needs and wants can be defined clearly.

**Table 2.** The Distribution of Segmentation Criteria and Loyal Customers

		Number of Loyal Customers						TOTAL
		5-10	11-20	21-30	31-40	41-50	51 and above	5-10
<b>Segmentation Criteria</b>	Geographic Segmentation	0	0	2	0	3	1	6
	Demographic Segmentation	2	0	1	2	1	0	6
	Psychographic Segmentation	2	1	1	5	5	3	17
	Behavioral Segmentation	2	3	1	3	9	3	21
<b>TOTAL</b>		6	4	5	10	18	7	50

***Targeting Strategies***

Boutique hotels as respondents target by using concentrated marketing strategy with 52 percent. This strategy, in which all efforts are devoted to only one market, offers strength to the enterprise in the market through knowledge, experience and specialization. The second targeting strategy that boutique hotels prefer with 42 percent is differentiated marketing strategy. With differentiated marketing strategy, boutique hotels try to capture different markets with different products. Only 6% of the respondents use undifferentiated marketing strategy which the enterprise

target the whole market with one marketing mix.

### ***Distribution of Targeting Strategies According to Segmentation Criteria***

The table below shows that the respondents, segmenting the market through behavioral segmentation, use differentiated marketing strategy and concentrated marketing strategy with approximate percentage. Another prominent finding is that the boutique hotels which use psychographic segmentation prefer concentrated marketing strategy.

**Table 3.** Distribution of Targeting Strategies According to Segmentation Criteria

		Targeting Strategies			TOTAL
		Undifferentiated Marketing Strategy	Differentiated Marketing Strategy	Concentrated Marketing Strategy	
Segmentation Criteria	Geographic Segmentation	0	3	3	6
	Demographic Segmentation	0	2	4	6
	Psychographic Segmentation	1	6	10	17
	Behavioral Segmentation	2	10	9	21
<b>TOTAL</b>		3	21	26	50

### ***Positioning Strategies of Boutique Hotels***

72 % of the respondents choose “positioning on product line or product attributes” as a positioning strategy which depends on differentiation in the market and allows consumers perceive the way the enterprise differs from others. Respectively, 26% of boutique hotels choose “positioning on price and quality”, only 2% of the respondents position themselves on “target market”.

### ***Choosing a Differentiation (in Positioning) Strategy***

68% of the respondents differentiate themselves with “customization in service” in regard to know the consumption patterns of their guests and try to meet them, to offer comforted and warmhearted ambiance, to be total quality focused and customer-oriented in terms of service quality also to exhilarate the guests rather than to offer just a vacation. “Physical characteristics” that consist of architecture, furnishing, and decoration with impressive and stirring design is the second most common way of differentiation with 50%. Moreover, 28% of the respondents choose to differentiate themselves by “employee” and 18% of them by “location”.

### ***Special-Market Segments Targeted***

With 52%, the respondents target the guests who are “chasing for home atmosphere in vacation”. “High-income guests who are persistent in comfort” come next as a target market with 42%. “Business travelers” hold just 6% of the respondents’ target market whereas “physically handicapped” guests are targeted by none of the respondents. As a conclusion, boutique hotels target high-income guests who have high spending power and look for high quality of service.

### ***Distribution of Target Markets According to Segmentation Strategies***

According to the table below, the boutique hotels, which use “behavioral segmentation”, choose the consumers who are “chasing for home atmosphere in vacation” as a target market; whereas the respondents, which apply “psychographic segmentation”, target the market consists of “high-income guests who are persistent in comfort”.

As it is seen above, significance level (0.697) is more than 0.05. That’s way,  $H_0$  is accepted.

The table below shows that the **test of normality** applied on the level of loyal customers.

**$H_0$ :** Data are proper to the normal distribution.

**$H_1$ :** Data are not proper to the normal distribution.

**Table 4.** Distribution of Target Markets According to Segmentation Strategies

		Segmentation Criteria				TOTAL
		Geographic Segmentation	Demographic Segmentation	Psychographic Segmentation	Behavioral Segmentation	
Target Market	Business Travelers	0	0	1	0	1
	Chasing for home atmosphere in vacation	5	4	5	13	27
	High-income guests who are persistent in comfort	1	2	11	8	22
TOTAL		6	6	17	21	50

As it is seen at Table 4, test of normality is applied to operation periods of boutique hotels as respondents.

$H_0$ : Data are proper to the normal distribution.

$H_1$ : Data are not proper to the normal distribution.

**Table 5.** The Relation between Operation Periods and Service Change

	Operation Periods
Mann-Whitney U	169.500
Wilcoxon W	1030.500
Z	-.390
Asymp. Sig. (2-tailed)	.697
Exact Sig. [2*(1-tailed Sig.)]	.710(a)

**Table 6.** Test of Normality Regarding the Level of Loyal Customers (Regular Customers)

	Kolmogorov-Smirnov(a)			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Level of Loyal Customers	.234	50	.000	.869	50	.000

Above it is seen that the significance level is less than 0.05. For that reason,  $H_0$  is rejected. In this direction, non-parametric statistics are needed to be applied regarding the level of loyal customers (regular customers).

Table 7. indicates that if there is a difference in the operation periods of respondents and the level of loyal customers (regular customers). Spearman's rank correlation was applied due to the fact that data are not proper to the normal distribution.

**H<sub>0</sub>:** There is no difference in the operation periods and loyal customer (regular customer) levels of enterprises.

**H<sub>1</sub>:** There is a difference in the operation periods and loyal customer (regular customer) levels of enterprises.

**Table 7.** The Relation between In-Service Training and Level of Loyal Customers

	<b>Level of Loyal Customers</b>
Mann-Whitney U	208.500
Wilcoxon W	533.500
Z	-2.082
Asymp. Sig. (2-tailed)	<b>.037</b>

**H<sub>0</sub>:** There is no difference in the level of loyal customers (regular customers) of those enterprises that supply in-service training in marketing field for employees who contact directly with the customers and those that do not.

**H<sub>1</sub>:** There is a difference in the level of loyal customers (regular customers) of those enterprises that supply in-service training in marketing field for employees who contact directly with the customers and those that do not.

$H_1$  is accepted due to the fact that significance level (0.037) is less than 0.05. The table below shows the reason of difference.

$H_0$  is accepted for the reason that the significance level (0,991) is more than 0.05. It can be reached that decision-makers of marketing strategies do not any effect on the level of loyal customers.

**Table 8.** The Relation between the Decision-makers of Marketing Strategies and Loyal Customer Level

	Level of Loyal Customers
Mann-Whitney U	271.500
Wilcoxon W	407.500
Z	-.011
Asymp. Sig. (2-tailed)	.991

## CONCLUSION

In recent years in Turkey, boutique hotels, which run business for many years in the world, have been emerging to meet the needs of tourists. They are more likely to have higher level of loyal customers for the reason that the guests tend to visit the same enterprise for holiday if they are satisfy with high quality service provided.

While boutique hotels are going segmentation, because of intangibility of the product and the great effect of individual factors on customer perceptions, “behavioral segmentation” is the most applied criteria which bases on occasions of the visit and benefits sought from it, in order to understand the root causes of needs and wants, by this way to develop an effective marketing mix. In targeting, boutique hotels tend to prefer concentrated marketing strategy in which the enterprise devotes its all efforts to only one market. Moreover undifferentiated or whole market strategy is not implemented in boutique hotels.

Continuous market researches are conducted in boutique hotels, which target high income guests, to chase the trends in consumers’ needs and wants and to develop the goods and services correspondingly needed. Constructed through customer preferences and investigating customer demands and expectation, matches with the service featured operations of boutique hotels.

The boutique hotels, which use behavioral segmentation, choose the consumers who are chasing for home atmosphere in vacation as a target market; whereas the respondents, which apply psychographic segmentation, target the market consists of high-income guests who are persistent in comfort.

The quality level of service provided is the most underlying factor in price policies because they strive to differentiate themselves with

customization in service and the effort for differentiation increases the demand for boutique hotels. In this direction, they can keep their strong position in the market due to the fact that they offer service which exceeds the expectations of guests

Besides the hospitality enterprises that do business for mass tourism, boutique hotels appeal to the tourists who are willing to pay more because of the special service they are offered. In this way, the boutique hotels contribute more to both to the region they run business and the country in terms of economic, social, environmental, and cultural standards.

To meet high expectations of the guests, boutique hotels need to compete at a level of the world standards. In tourism industry, the approach, knowledge and ability of the service provider are quite important. The respondents have harped on about the problems as to find qualified employee. Therefore, Ministry of Tourism and the universities need to take action and the management of boutique hotels need to be developed, in addition to this, guidance and counseling services must be carried out as a solution.

As a conclusion, boutique hotels can contribute more to Turkish tourism industry if standardization is formed. This kind of investments need to be encouraged by state, the relevant ministries, and local administrations. The tourists, who get bored of conventional tourism approach consists of sea-sand-sun triangle, look for privileged service and customization, and this make boutique hotels come to the fore. In this respect, boutique hotels refresh Turkish tourism industry which suffers from all inclusive system, poor quality, and low price policies of tour operators and image of the country for cheap holiday for tourists.

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