

UNIVERSITY OF EDUCATION, WINNEBA

**IMPACT OF PRICING AND MARKETING OF FOOD AND BEVERAGES: A
CASE STUDY OF SELECTED HOTELS IN KUMASI METROPOLIS**



2022

UNIVERSITY OF EDUCATION, WINNEBA

**IMPACT OF PRICING AND MARKETING OF FOOD AND BEVERAGES: A
CASE STUDY OF SELECTED HOTELS IN KUMASI METROPOLIS**

BY

ACHEAMPONG MICHAEL

(1054753)



**A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
HOSPITALITY AND TOURISM EDUCATION, UNIVERSITY OF
EDUCATION, WINNEBA, IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF MASTER OF TECHNOLOGY
EDUCATION IN CATERING AND HOSPITALITY**

FEBRUARY, 2022

DECLARATION

STUDENT'S DECLARATION

I, **Michael Acheampong** declare that this thesis, with the exception of quotations and references contained in published works which have all been identified and duly acknowledged, is entirely my own original work, and it has not been submitted, either in part or whole, for another degree elsewhere.

SIGNATURE:.....

DATE:.....

SUPERVISOR'S DECLARATION

I / We hereby declare that the preparation and presentation of this work was supervised in accordance with the guidelines for supervision of thesis/dissertation/project as laid down by the University of Education, Winneba.

DR. GILBERT OWIAH SAMPSON

SIGNATURE :.....

DATE:.....

DEDICATION

Special dedication also to my ever-supportive parents, for their relentless support and compassion towards me during this programme.

Furthermore, I want to dedicate this project to His Royal Majesty Otumfour Nana Osei Tutu II.

To God be the glory.



ACKNOWLEDGEMENT

I would like to express my profound gratitude and appreciation to all those who gave me the possibility to complete this thesis. Special thanks to my supervisor Dr. Gilbert Owiah Sampson, Senior Lecturer at the College of Technology Education, Kumasi of the University of Education, Winneba, who helped, stimulating, suggestions helped me in all fabrication process and in writing this project. I also sincerely thank for the time spent proofreading and correcting my many mistakes.

I would also like to acknowledge with much appreciation the crucial role of Remember Roger Adjei, who has done immensely well and a good coach and mentored throughout this project.

I am thankful to and fortunate enough to get constant encouragement, support and guidance from my parents (Mr & Mrs Acheampong) for their financial support. At last, not least, much appreciation and gratitude go to all my friends and colleagues who directly or indirectly helped me to complete this project as well as all the staff members of all the hotels that I visited and who made this project a success.

Any omission in this brief acknowledgement does not mean lack of gratitude and appreciation.

Table of Content

Contents

Declaration.....	i
Dedication	iii
Acknowledgement	iv
Table of Content.....	v
List of Tables	viii
List of Figures.....	ix
List of Appendices.....	x
Abstract.....	xi
CHAPTER ONE	1
1.0 INTRODUCTION.....	1
1.1 Background of the study.....	1
1.2 Statement of the Problem	2
1.3 Main objective	3
1.4 Research questions	3
1.5 Significance of the study	4
CHAPTER TWO	5
2.0 LITERATURE REVIEW.....	5
2.1 Hotel Definition.....	5
2.2 Types of Hotel	5
2.3 Definition of food and beverages	6
2.4 Food and beverages product.....	6
2.5 Function of food and beverage product.....	6

2.6	The role of food and beverage product in hotel.....	7
2.7	Hotel management.....	8
2.8	Sales and marketing.....	9
2.9	Marketing strategies to increase hotel occupancy.....	11
2.10	Empirical review.....	14
2.11	Price and growth.....	17
CHAPTER THREE.....		19
METHODOLOGY.....		19
3.0	Introduction.....	19
3.1	Research design.....	19
3.2	Population.....	19
3.3	Sampling technique and sample size.....	19
3.4	Data collection instruments.....	20
3.5	Data Analysis Technique.....	20
CHAPTER FOUR.....		23
4.0	4.0 RESULTS AND DISCUSSION.....	23
4.1	Bio Data of Respondents.....	23

4.2	Factors influencing pricing and marketing of food and beverages in hotels	25
4.3	Effect of pricing and marketing of food and beverages on the growth of hotels	28
4.4	Growth of the hotel.....	28
CHAPTER FIVE		30
5.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS.....		30
5.1	Summary.....	30
5.2	Conclusion.....	31
5.3	Recommendations	32
REFERENCES.....		33
APPENDICES		35



LIST OF TABLES

Table 4.1: Bio Data of Respondents in the Selected Hotels	24
Table 4.2: Research Capacity of Hotels in Kumasi Metropolis.....	25
Table 4.3: Factors influencing pricing and marketing of food and beverages in hotels	27
Table 4.4: Cost of standard food and beverages.	28
Table 4.5: Growth of hotels in Kumasi Metropolis	29



LIST OF FIGURES

Figure 4.1: Growth of the hotel 29



LIST OF APPENDICES

Appendix 1: QUESTIONNAIRE.....	35
---------------------------------------	-----------



ABSTRACT

Pricing has had a great deal of effect on the selling of beverages, mostly in a developing economy. Pricing products for consumers is a mind boggling task, mainly because a high price may cause negative feelings about products, and also a low price can be misleading on other products features such as quality. The study was carried out to examine the impact of pricing and marketing of food and beverages in hotels in Kumasi Metropolis. The research employed the quantitative research design and the hotel managers were the respondents. The study used the random sampling and systemic sampling in soliciting information from the respondents. A total of 150 hotel managers were purposively sampled. The data was collected using a semi-structured questionnaire and the data was analysed using descriptive statistics in the form of frequency and percentages with the statistical software Statistical Package for Social Sciences version 26.0. The respondents were educated and the major education obtained by the respondents was College degree and Bachelor's degree, with only few with Master's degree. Majority of the respondents are involved in research on the value based price, do market based price and customer preference. The factors that influences the price and marketing of food and beverages in hotels in the Kumasi Metropolis includes the branding of the product, cost of production, raw materials, competitors, margin, value and the environment of the hotel facilities. Also, the pricing and marketing strategy has resulted in moderate growth in the hotel industry in Kumasi metropolis. The results from the study revealed that the growth of the hotel is influenced by the sales account and the number of loyal customers. It can be concluded that there is a moderate growth in the hotel industry in Kumasi and several factors influences the prices and marketing of food and beverages in the hotels. Further studies should be considered in other parts of the country to compare and contrast the impact of pricing and marketing on the hotel industry

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

The hospitality sector is one of the world's biggest and fastest growing sectors. The industry consists of numerous sub-sectors, including the hotel, restaurant and resort sectors (Talabi, 2015). The hotel sector, which is a crucial part of the broader hospitality industry, plays an important role in the economy of most countries. Hotel offers facilities for tourists who want to stay overnight or more in the tourist resort area (Adriadi, 2010). Hotel service was not only limited to the hotel's services, rooms and comfort, but also to the foods and beverages served by the hotel. Food and beverage management features as a significant part of the curriculum in most hospitality courses (Wood, 2007). According to Wood (2007), food and beverage management within the hotel sector has been seen as a necessary prerequisite to progress to becoming a general manager, more so than experience in the room's division (Wood, 1997). The pricing technique that a hotel uses has an immediate effect on the yield of the hotel (Raya, 2013).

According to Fyall & Garrod (2005), price is defined as the amount of money charged to the buyer for acquiring as well as using a product. Price determines the amount of profits a company makes (Rogerson, 2013). He noted that price is the value attached to a product and it's the lone element of the marketing mix that makes profit for the organization. According to Oxenfeldt (1983), pricing objectives provide directions for action. "To have them is to know what is expected and how the efficiency of the operations is to be measured" (Tzokas *et al.*, 2000a). A research on the marketing mix

impact on the profitability of institutions in the banking sector in Kenya was conducted by Muchina (2012). The results of the study showed that product choices, marketing, pricing and distribution were found to have an effect on efficiency in the banking industry. Pricing strategies have a significant effect on an enterprise's efficiency and growth. There are items that can restrict a marketing strategy's effectiveness. For example, failure to adjust pricing to account for changes in market conditions, such as the appearance of a new competitor offering much cheaper prices, may lead a business to lose customers. Before designing pricing strategies, not taking the time to conduct comprehensive research will result in a marketing strategy that misses the target and wastes valuable marketing dollars (Ong'ong' a, 2014).

1.2 Statement of the Problem

Hotels in Ghana in any marketing agency, price is a very critical tool that is used. Due to its existence, pricing has had a great deal of effect on the selling of beverages, mostly in a developing economy. Effectively planned pricing policies are fundamentally one of the prerequisites for the correct coordination and realization of the ultimate pricing targets that will ultimately need to be accomplished. If it is the case that the pricing strategy is unplanned arthritically, the achievement of the objectives of the company would fail. Hotels in Ghana, specifically Kumasi, operate in a competitive business environment characterized by intense resource rivalry and market share, so managing and sustaining their growth rate has become more difficult. Despite their relevance to the economy, there are many competitive challenges facing the hospitality industry (Wangui *et al.*, 2018). In order to make profits in terms of sales and growth, it is therefore necessary for them to follow some marketing strategies. In setting the marketing mix, hotel administration needs to take into account several variables (Seyed,

2011). According to Lages and Montgomery (2005), pricing policies have an effect on the market share of the beverage industry. Griffith (2004) found that customers are willing to spend an additional amount of money when they are assured of the quality of the product. Myers (2001) noted that customers have different views of the goods, depending on the price. Therefore, pricing goods for customers is a mind-boggling job, primarily because high prices can lead to negative feelings about products, and low prices can also be deceptive for other product features, such as quality. Therefore, this study sought to examine the impact of pricing and marketing on food and beverages of selected hotels in Kumasi, Accra.

1.3 Main objective

The main objective of this study is to examine the impact of pricing and marketing of food and beverages in hotels in Kumasi Metropolis.

1.3.1 Specific objectives

The specific objectives of this study is to determine;

- i. the various ways in which food and beverages are priced and marketed in hotels.
- ii. the factors influencing pricing and marketing of food and beverages in hotels
- iii. the effect of pricing and marketing of food and beverages on the growth of hotels

1.4 Research questions

- i. What pricing policy is appropriate for the improvement of the objectives?
- ii. What impact does the price review have in the sales of the product?
- iii. How can price affect the buying habit of the consumers?

1.5 Significance of the study

Findings from this study would suggest ways and select the best pricing policy to use in the marketing of food and beverage in the hotels and also to satisfy the consumers and their market. It will contribute to the increase in the sale of hotels products and ensure maximum profit. It will be beneficial to hotels and businesses in general. It will recommend and select the optimal price scheme for beverage marketing and market satisfaction.

It is envisaged that, as a result of the outcomes of this study, customers will be able to quickly assess the product's quality level. It will result in an increase in product sales and secure optimum profit for the company. Hotel will also be able to make effective use of the marketing mix in their sales.

Finally, the research will enable the researcher to gain additional information in the fields of marketing and research. Students will benefit from the work in the same way that they will utilize it for references.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Hotel Definition

According to hotel is an establishment which offers accommodation, food, and drink to travelers (Bagyono, 2006). The hotel is a building where meals and rooms are provided for travelers, (Marsum, 2005). According to Sihite (2002), hotel is one of the types of accommodations that uses part or all of a building to provide services, lodging services, eating and drinking as well as other services for public, commercial management. In addition, Soekresno (2001) mentions hotel may be defined as an establishment, whose primary business is providing lodging facilities for the general public, and which furnishes one or more of the following services: food and beverage service, room attendant service, uniform service, laundering of linens, and use of furniture and fixtures. Hotel is a building that provides accommodation services, food and beverage, and other services that are intended for general commercial and managed.

2.2 Types of Hotel

- 1) 1). Transit Hotel: This hotel is located on the center of city and the guests stay in a short time for business.
- 2) Residential Hotel: A hotel with type of apartment style for rooms and it can be rented monthly either yearly.
- 3) Resort Hotel: A hotel located in resort area and usually offers and provides recreation place and also conference facility for guests.
- 4) Business Hotel: A hotel is used by tourist and this hotel usually has complete facilities for business.

2.3 Definition of food and beverages

According to Soekresno and Pendit (1998) food and beverage department is part of the hotel that has job and responsible for food and beverage services and other related needs, from guests staying or not staying in the hotel and managed commercially and professionally. According to Rachman (2005) food and beverage department is in charge of part processing, producing and serving food and drinks for the purposes of hotel guests, both in the rooms, restaurant, coffee shop, banquet (receptions and meeting), food employees, and so on. As a conclusion food and beverage is a part that has a job and responsible to prepare and serving the food for guests of hotel and hotel's employee.

2.4 Food and beverages product

In hotel, the function of kitchen is to make food for meal and events. As defined by Hornby, kitchen is a room or building in which meals are cooked or prepared (1995, p.1). At the same time, Iskandar (1995) also states that kitchen is one of departments in hotel which has many duties to cook and prepare meals. According to Merriam (1998) kitchen is a room or other space (as a wall area or separate building) with facilities for cook. Furthermore, Sukresno and Pendit (2007) mention kitchen is a room used for food preparation and sometimes entertainment. Cooking is the action of preparing food. Merriam (1986) states that cooking is an action which prepares food for the table by heating process. While according to Hornby (1995) cooking is the action to prepare food by heating it.

2.5 Function of food and beverage product

In general, the function of Food and Beverage product is to prepare and produce food and beverage according to the guest order from restaurant or room service for breakfast, lunch or dinner in the hotel. Sudira (1996) reported that food and beverage product has function as a place to produce foods and a means of promotion to introduce the nation's culture through the typical regional culinary arts. Whereas Marsum (2000) mentions that food and beverage product has role of income in a hotel besides room and as a facility for the guests that stay in the hotel in getting food and beverage.

It can be concluded that food and beverage division has a duty to provide, sell, and serve customers satisfactorily and develop the income of the hotel itself. Sukarno and Pedit (1998, p.5) mention that the purpose of the department of food and beverage is to sell food and drinks as much as possible with the appropriate rates and providing the best service to the guests so that guests feel satisfied also this is about the quality of food and beverage service quality, employee attitudes, room decor and surroundings, the equipment used of the sanitation to get profit for business continuity.

2.6 The role of food and beverage product in hotel

In Merriam-Webster's Collegiate Dictionary (2003) states role is a function or part performed especially in a particular operation or process. Based on the opinion it can be concluded that the role is a pattern of action taken by the institutions both individually and together can cause an event. Food and Beverage are no activities cease; humans need food and drink to meet the needs of the body for survival. Now it is very easy to get food and drinks evaluable because there are many caterers who provide food and beverage services in a hotel. According to Davis and Alcott (1985) about food and beverage management, they say the importance of the food and beverage department in operating an a la carte restaurant and 24-hour room service, neither of which may be

significant net profit contributors, is essential for the hotel to obtain a four or five-star hotel to significantly increase its prices for accommodations. So in doing the services and giving facilities for the four or five hotel, it is more likely to be able to increase its total revenue and net profit figures. It should be noted that hotels have realized the lost potential of their restaurants the latest figures suggest that the food and beverage area is a substantial source of income for most hotels and two main options were followed by many hotel operators. Food and Beverage are a very important part, especially in the hotel which is a place to enjoy food and drinks. Food and beverage section can also increase hotel income. It must be also developed by hotel in order to be categorized as a five-star hotel (Nurahami, 2000).

As the conclusion, food and beverage department is a part that has a very important function in a hotel. Because it has restaurant and bar which can fulfill the guest's needs. Then as a complementary tool in the hotel, food and beverage section has a very important role in terms of hotel income that is from selling product of food and beverage.

2.7 Hotel management

According to Manullang (1999:69) management is controlling an organization for reaching certain purpose that has been decide before with general rule. Management is culture and planning science, organizing, arranging, coordinating, and controlling human resource for reaching a certain purpose which has been previously decided.

Manullang (1999) states that hotel management is science which discusses about the way to manage a hotel.

There are 8 elements in hotel management:

1. Forecasting
2. Planning
3. Organizing
4. Leadership
5. Coordinating
6. Motivating
7. Controlling
8. Reporting

2.8 Sales and marketing

American Marketing Association defines that marketing is an organizational function a set of processes for creating, communicating, and delivering value to customers and for managing customer relationship in ways that benefit the organization and its stakeholder. Marketing is made up of such physical activities as transporting, distributing, storing, and selling goods, and of the decisions which must be reached by individuals or groups who want to move goods from production to use.

According to Armstrong in Ester (2008), marketing is human activity that aims to satisfy the needs and desires through exchange process. The main point to remind by sales team in promoting their product is communication. Based on the opinion, the writer concludes that marketing is an activity of promoting the product to the customers. In hotel, sales and marketing department is the main department which is responsible to promote hotel product to the guest. Sales marketing is one of department that has important function to sell a product, before sales and marketing makes a product, there are elements that should be attention in order to attract consumer attention that is “Marketing Mix”.

Borden in Fadmawati (2011) says that the elements in marketing mix are:

1. Product

Product is a marketer's offering as perceived by potential customers. The offering represents a bundle of benefits, both tangible and intangible, designed to satisfy the needs and wants of target market. A product may be a physical object, a service or an idea, or some combination of that, most organizations market more than one product. A group of related products is called a product line, such as room, food and beverage, sugar and coffee.

2. Price

Price is the amount that is paid to the retailer in exchange for a product. There are two common methods by which prices are computed; (a) discount and (b) markup. In the discount method the manufacturer sets prices for wholesalers and retailers, which represent percentage discount from an assumed retail price. The markup method is just the opposite. The manufacturer sets the price to be charged to the wholesalers. The wholesaler marks up the wholesaler's price by percentage when selling to the consumers.

3. Distribution

Distribution is the process of getting products and services from producers to consumers and users when and where they are needed. It provides time, place, and possession utilities and the transfer of legal ownership. Distribution occurs through a variety of channels which fall into one of two classifications: (1) direct is distribution from the producer to the consumer or industrial user, and (2) indirect is distribution through intermediaries, the most common of which are wholesalers and retailers.

4. Promotion

Promotion is advertising or other activities to increase the sales of something. The elements of promotion are; (1) Advertising is any paid message presented in media, such as tv, radio, magazines, newspapers, or billboards by identified source, (2) Personal selling is sales contacts made with the trade, and users, or influencers by company sales persons, (3) Sales promotion is any other communication or persuasive device, a catch all term which includes things as diverse as coupons, product sample, cents of deals display, trade show booths, contest, and product brochures, (4) Publicity is any unpaid for mention of a company, brand, or product by the media.

2.9 Marketing strategies to increase hotel occupancy

According to Kotler and Amstrong in Fadmawati (2011) marketing strategy is a marketing logic which the company hopes to create customer value and achieve profitable relationships. Strategic planning is an activity of the company to seek compatibility between the company's internal (strengths and weaknesses) and the company's external (opportunities and threats). Opportunities that occur today are not necessarily going to remain a chance in the future could have an opportunity to be a threat and the threat can become an opportunity, Changes in external factors can cause changes in internal factors so that strengths and weaknesses is also changing. Reid and Bojanic in Fadmawati (2011) states there are four concepts in formulating marketing strategy in conjunction with the management of existing and new products in new markets, namely:

1. Market penetration strategy, the strategy of focusing on service and product mix of sales on the target market that already exist. In an effort to increase revenue, the

management tried to raise prices and build market based on a solid and loyal customer to the company.

2. New product development strategy is an idea of the development of new products in existing markets. This strategy is usually used in the hospitality and tourism industry. There is no attempt in the hospitality and tourism industry can survive long without a change in a long time and expect profits. Changes in the market, and customers' changing needs must remain a serious concern of the hospitality and tourism industry.
3. Market development strategy is a strategy that focuses on the development of new markets for products and services that already exist. Under these conditions the hotels and restaurants usually do the construction of new units and carry out the expansion of the new market share.
4. Diversification strategy is a strategy of introduction of new products and services to a new market share. This strategy offers the potential for long-term, but this strategy also has a very high degree of risk.

Whenever a guest stays at a hotel, he or she has certain expectations: a quiet room, a good night's sleep, maybe some breakfast in the morning. Certainly the amenities a guest expects have changed over the last few years with the technology boom. Now, it's not enough to have a cable TV in the room; a guest wants lots of cable channels, HBO, and Showtime. They want a good breakfast. They need wireless internet to conduct business or play online games.

According to Wilson et al. (2015) there are 5 strategies to increase occupancy

1. Free wireless internet access. For business travelers, the internet is essential to doing business. HotelManager.net says, "Today, quite literally almost everything

is done through the Web, so being able to access those important facilities in the comfort of your hotel room is essential for most travelers. While some hotels offer WiFi on a pay-per-day system or free in common areas only, going the extra step by offering (and promoting) free in-room WiFi will bring a lot of people knocking on your door.”

2. HDTV. Modern amenities like flatscreens increase the perceived value of your hotel.
3. Free food. Guests always want to feel like they got a good deal. Eating at the hotel saves money and time. “Have a nice spread as a welcome, offer free breakfast and room service, stock the guest rooms with high-end coffee products, and you’ve got yourself a winner with both leisure and business travelers,” HotelManager.net says.
4. Luxurious Toiletries. Frequently, guests depend upon shampoo, soap, conditioner, and other toiletries being available because it means one less thing to pack. If you can’t provide top of the line products, don’t worry:
5. Fitness Center and/or Spa Facilities. For some guests, the focus on health and fitness doesn’t go on vacation when they do.

According to Roberts in Demand Media Owning and operating a hotel is often rewarding and fulfilling, but it's not easy. In the hotel business, occupancy is essential, as the rate of a hotel’s occupancy determines the success of the business. Increasing occupancy starts with implementing a creative marketing plan that attracts new and repeat guests. Hoteliers can use various ideas to create a successful marketing campaign.

Unique Selling Proposition Theory as proposed by Rosser Reeves in 1961 propounded that a unique selling point is a factor that a business has that is different or better than what the competitors have hence making it stand out from its competitors. Lages and Montgomery (2005), noted that price is a very important part of the marketing mix as it can affect both the supply and demand of the firms' products. Theodore (1986) suggests that product and price differentiation is one of the most important strategic and tactical activity in which firms must constantly engage in so as to make themselves better than their competitors. According to this preposition, a business can peg its unique selling point on its product, price, promotion and place strategies so as to position the product and differentiate it from what competitors are offering so as to attract as many customers as possible. This study therefore sought to investigate how pricing strategies would affect growth of hotels in Nyeri County.

2.10 Empirical review

Price is defined as the amount of money charged to the buyer for acquiring as well as using a product (Fyall and Garrod, 2005). It's the most flexible element of the marketing mix, the only element which produces revenue and it can be changed quickly. Markgraf (2015) on a study found out that the price charged by the seller ought to match the product. In the hotel industry, price determines the destination's competition with other destinations and includes costs of transportation to and from a given destination, food, accommodation and attractions. Devashish (2011) on a study in India concluded that the price strategy not only includes the real price that the organization charges but also includes discounted price as well as volume discounts as for bundled products. Griffith (2004), in his study about the marketing strategy in Korea concluded that adjustment of

prices to market situation have positive influence on the market share and adaption of pricing strategy would increase the market share.

Mwangulu (2014), the study found out when firms want to stimulate short term pricing strategies there is increase in sales. Howard and James (2013) found out that there was strong positive correlation between penetration pricing strategy and market performance of a company. The business will tend to have a larger market share, loyal customers and some technological edge, thus the case currently with Coke; it was first the follower but through effective management has now become the leader of the market and is working towards achieving the marketing objectives of the Coca Cola (Zhang and Hnatko, 2014). Reece (2010), noted that market penetration challenges exist since products are expensive to create; and attempting to have the lowest prices may not lead to a significant profit. Furthermore, if a company keeps prices low for a time and then raises those, customers will probably go elsewhere (Costas, 2010). He noted that market penetration strategy can cause prices to lower throughout the entire industry since competitors often try to match prices, particularly if their products are similar. The company that initiated the market penetration strategy must further lower its prices to outmatch the competition. Soon all competitors might be selling products at an extremely low price that barely makes a profit. Keegan (2008) cautioned that if one company enters an industry in which prices are already low, setting the lowest price is usually unrealistic. He recommended that when customers already trust a competitor with low prices, a new company should focus on carving out a niche for itself instead of beating that company's prices.

According to Myers, 2001), consumers have different perception of the products depending on the price. Therefore, pricing products for consumers is a difficult task, mainly because a high price may cause negative feelings about products, and also a low price can be misleading on other products features such as quality. Yari et al. (2009), noted that a good distribution system has to have the market price is equals to the cost of production plus a profit for producers, sales agents and shipping costs. Markovic (2004), aimed to measure service quality using empathy dimension in Croatian Hotel Industry. The results indicated that some services were overpriced while others were underpriced. He recommended that a better allocation of resources and a more effective design of marketing strategies, such as communications mix and pricing components, can ensure a proper level of service quality in hotels. The study by Kamau et al. (2015), on effects of marketing mix on selection of Tourist Accommodation by Domestic Tourists in Kenya recommended that Hotels should price their products in relation to competitor's prices and they should tailor make their products to attract local tourists. They noted that there are different pricing strategies which include price skimming whereby hotels charge the highest price probable that customers who most desire the product being offered will pay for it. Odd-even pricing is where sellers end prices with a certain number for example Ksh. 2999 which sounds cheaper than Ksh. 3000. Price bundling is where hotels sell multiple services together at a lower rate than that which customers would incur if they purchased each item separately. Hotels may unbundle price that is breakdown prices and allow customers to decide what they want to purchase. Cost-plus pricing where cost is calculated then a percentage is added.

2.11 Price and growth

According to Rogerson (2013) on a study in South Africa, price determines the amount of profits a company makes. Price is the value attached to a product and it's the lone element of the marketing mix that makes profit for the organization. Changing the price of a product in relation to competitor's prices has a major influence on the marketing strategy because it affects demand of a product and hence the sales. Hence the price should complement the other elements of the marketing mix. Rogerson (2013) added that however attractively made and packaged a product is, its demand will not be high if the prices are unattractive relative to competitors' prices. Price attributes such as discounts, allowances, payment periods and credit terms should be considered well in advance. However, a firm must know the value attached to their products by customers when setting prices of the customer perceived value for their products because in some cases the quality of a product is attached to its price. Some of the measures of price include the price of standard lunch, price of breakfast, price of beverages and prices of rooms for accommodation.

The choice all depends on the customers' ability and willingness to pay for the kind of meals they want to take at a hotel. For hotels targeting high end customers they should focus more on quality of the products offered because such customers associate high prices with better quality and hence they should get value for their money. For such customers the things that attract them to products are other factors such as attractiveness and ambience of a place, free services such as free Wi-Fi, less congested places, ample parking space, security hence hotels should put such factors into consideration when deciding on the target market. The price for a room depends on many factors such as the time of year whether its peak season or off peak seasons, the physical specifications

of the room such as room size, whether it's on the ground floors or upper floor rooms, Suite or non-suite, room service among others, the specification of the hotel including location, star rating, hotel brands, amenities among others, the market competitor's prices, the duration of stay, the rate of occupancy, and the number and type of guests.



CHAPTER THREE

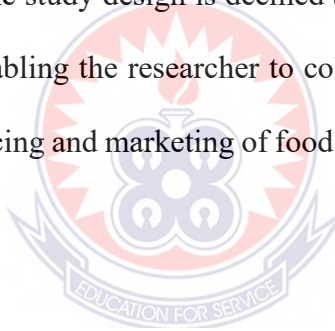
METHODOLOGY

3.0. Introduction

This chapter outlines the methods, strategies, and processes in utilizing the conducted of the study. The chapter is sub-grouped into various sections including the study area, research design, and population of the study, sample size and sampling techniques, method of collecting data, data analysis, validity, and reliability and finally, the section ends with ethical consideration.

3.1 Research design

A quantitative research design was used in soliciting information to address the research questions of the study. The study design is deemed appropriate in that it addresses the objective of the study enabling the researcher to collect detailed and factual data that describe the impact of pricing and marketing of food and beverages in hotels in Kumasi Metropolis.



3.2 Population

The target population for this study was hotel managers in Kumasi Metropolis

3.3 Sampling technique and sample size

The research used sampling techniques such as random sampling and systematic sampling to obtain information from the respondent. The Yamane (1956) formula was used to determine the sample size in selecting the hostels for the study.

3.4 Data collection instruments

A semi structured questionnaire which encompassed both open-ended and closed-ended questions would be used in gathering information from the respondents. The questionnaire included both Part I which solicited information on the socioeconomic characteristics of the respondents (such as the gender, age, highest level of education, previous hotel working experience etc.), Part II gathered information on the characteristics of the hotel (the type of hotel, rating of the hotel, etc.) and Part III considered the impact of the pricing and marketing of food and beverages in hotels.

3.5 Data Analysis Technique

Both quantitative and qualitative analytical tools was used to analyse the data of the study. Linear regression will be used to compare the dependant variable and independent variables. The Statistical Package for Social Sciences (SPSS version 26) statistical software would be used in performing all the analysis.

Objective one: To determine the various ways in which food and beverages are priced and market in hotel. Descriptive statistic such as frequency, percentages, mean, standard deviation etc. will be used to analyse the first objective.

Objective two: To determine the factors influencing food and beverages prices in the hotels. The tobit model would be used in determining the factors influencing the price of food and beverages in the selected hotels. According to Amemiya (1985), the Tobit model was suggested by Tobin (1958) to illustrate the relationship between a non-negative dependent variable Y_i and an independent variable (or vector) x_i . The model assumes that there is a latent (i.e. unobservable) variable Y_i^* . This variable linearly depends on x_i via a parameter β which determines the relationship between the independent variable (or vector) x_i and the latent variable Y_i^* (just as in a linear model).

Furthermore, there is a normally distributed error term u_i which captures random influences on this relationship. The observable variable y_i is defined to be equal to the latent variable whenever the latent variable is above zero or less than or equal to zero.

$$Y_i = \begin{cases} Y_i^* & \text{if } Y_i^* > 0 \\ 0 & \text{if } Y_i^* \leq 0 \end{cases} \quad (1)$$

Where Y_i^* is a latent variable

$$Y = \beta x_i + U_i, U_i \sim N(0, \sigma^2) \quad (2)$$

If the relationship parameter β is estimated by regressing the observed y_i on x_i , the resulting ordinary least squares estimator is inconsistent. The Tobit model is the special case of a censored regression model, because the latent variable Y_i^* cannot always be observed while the independent variable x_i is observable. As described by Gujarati (2003), a censored Tobit model considers two categories; firstly, one in which information on the regressors and regressand is available; secondly, where information is available only on the regressors but not the regressand. Below are examples of how a Tobit model is censored according to (Amemiya, 1985). A common variation of the Tobit model is censoring at a value Y_L different from zero and the model described below is a Type I Tobit.

$$Y_i = \begin{cases} Y_i^* & \text{if } Y_i^* > Y_L \\ 0 & \text{if } Y_i^* \leq Y_L \end{cases} \quad (3)$$

Another example of censoring of values above Y_U :

$$Y_i = \begin{cases} Y_i^* & \text{if } Y_i^* < Y_U \\ 0 & \text{if } Y_i^* \geq Y_U \end{cases} \quad (4)$$

Yet another model results when Y_i is censored from above and below at the same time.

$$Y_i = \begin{cases} Y_i^* & \text{if } Y_L < Y_i^* < Y_U \\ 0 & \text{if } Y_i^* \leq Y_L \text{ or } Y_i^* \geq Y_U \end{cases} \quad (5)$$

This implies that depending on where and when censoring occur the Tobit model can either be one tailed or two tailed. According to Greene (2003), the generalized two-tailed Tobit model (lower and upper limit) is specified as;

$$Y_i^* = X_i\beta + \varepsilon_i; \quad (6)$$

$Y_i = 0$ if $Y_i^* \leq 0$ (observations censored at 0, lower limit);

$Y_i^* = Y$ if $0 < Y_i^* < 1$ (observations not censored);

$Y_i = 1$ if $Y_i^* \geq 1$ (observations censored at 1, upper limit)

Thus, if Y_i^* is observed then $Y_i^* > 0$ and if not observed $Y_i^* \leq 0$. Where; Y_i^* is the dependent variable; X_i is the vector of explanatory variables; β is the vector of coefficients; and ε_i is the error term.

A bivariate linear regression model will be used to test the significance of the effect of pricing strategy of food and beverage on the growth of selected hotels in Kumasi.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon,$$

Where; Y = Growth of hotels, β_0 = Constant or coefficient of intercept, X_1 = Pricing strategy and ε = Error term. The error term represents either all the factors that affect the dependent variable.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Bio Data of Respondents

The personal socio-demographics of the respondents of the questionnaire are summarized in Table 4.1. Female made up of more than half (53.3%) of the respondents and the Male were 46.7%. This shows that the hospitality industry in the Kumasi Metropolis is female dominated. In the hospitality industry, female is more preferred as workers as compared to their male counterparts. Majority of the workers (60%) in the hotel industry are between the age of 28 - 32 years while only few of the workers are between the age of 18 – 22 years. The results indicate that about 11.7% of the workers have been engaged in the hospitality industry for less than 1 year, and only 5% of the workers have been working in the hospitality industry for about 11 years. This implies that majority of the respondents had an understanding on the pricing strategies adopted by hotels. The role of education cannot be underestimated in any sector and in view of this, the results also showed that majority of the respondents (46.7%) have attained some college or associate degree another 46.7% have also attained Bachelor's degree whilst only 6.7% have obtained Master's degree as their level of education.

Table 4.1: Bio Data of Respondents in the Selected Hotels

Variable	Frequency (n = 60)	Percentage (%)
Gender		
Male	28	46.7
Female	32	53.3
Level of Education		
Some College/Associate Degree	28	46.7
Bachelor's Degree	28	46.7
Master's Degree	4	6.7
Age (Years)		
18 - 22	3	5.0
23 - 27	13	21.7
28 - 32	36	60.0
33+	8	13.3

Source: Authors own computation (2021)

The respondents were questioned on their research capacity as hotels, 46.7% of the respondents Agree that there is a need for research in the hotel sector, 26.7% were having neutral view on the researching, 21.7% strongly agreed that there is a need for research in the hotels whereas 5% reported that they disagree with the assertion of researching. With regards to the value base of prices, 56.7% strongly agree that they meet up to the value base of prices, 41.7% also agree lightly whereas 1.7% are having a neutral view of the value base of prices. Further, 33.3% agree that there is a need for market based research, 26.7% strongly agreed, 36.7% were neutral and 3.3% strongly disagree to the need for market based price research. Also with respect to customer

preference, 40% agree that there is a need for research on consumer's preference, 15% strongly disagree, 11.7% disagree with the need for research on consumer's preference.

Table 4.2: Research Capacity of Hotels in Kumasi Metropolis

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Do research	0 (0%)	3 (5.0%)	16 (26.7%)	28 (46.7%)	13 (21.7%)
Value based price	0 (0%)	0 (0%)	1 (1.7%)	25 (41.7%)	34 (56.7%)
Do market-based price	2 (3.3%)	0 (0%)	22 (36.7%)	20 (33.3%)	16 (26.7%)
Customer preference	4 (6.7%)	7 (11.7%)	16 (26.7%)	24 (40.0%)	9 (15.0%)

4.2 Factors influencing pricing and marketing of food and beverages in hotels

The hotel workers were given the opportunity to rate the factors influencing the pricing and marketing of food and beverages in the hotels with the help of the scale (*1 = Strongly disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly agree*). Pricing can influence the business's relationship with its customers (Piercy, Cravens, & Lane, 2010). In times of economic downturn, companies are forced to take notice of their pricing strategies in order to sustain sales or to protect market share (Piercy *et al.*, 2010). Pavesic (1989) noted that customers or guests experience pain and pleasure when purchasing. Price can encourage a guest to buy an item, but from the management's perspective, price fundamentally means selling an item while making a profit (Pavesic, 1989). About 40% of the respondents agreed to that statement that branding influences

the pricing and marketing of the hotel while only 6.7% disagreed to the statement. The result imply that the staffs are aware that there is a need to properly brand their products to influence the pricing and marketing of food and beverages in the hotels to attract the customers in purchasing these products. Further, the respondents were questioned if the cost of production influences the prices and marketing of food and beverages in the hotel, 25% were of a neutral view, 23.3% strongly agree and 51.7% agree that the cost of production do influence the price and marketing of food and beverages in the hotel. Developing a sound price for goods and services is key to the longevity of an operation. Also, the raw material used in the production of the food and beverages plays a critical role in the pricing and marketing in the hotels. The majority of the respondents 50% and 35% Agree and strongly agree that the raw material used in the production of these food and beverages influences the decision for the pricing and marketing of food and beverages in the hotels. In addition, the respondents also agreed (70%) to the competitors as an important component that influences the price of the products been sold in the hotels. In the study of Garcia (2013), the author noted that the price set decreases as the number of competitors increases and that the establishments offering higher quality service set their prices at a significantly higher value than other establishments. However, it can be literally explained that as the competitors increases the price of the products also decreases to meet the demand and need of the consumers in the hotel. According to Singh and Krakover (2013), the capability of any given business to charge superior prices for superior quality is dependent on the easiness with which customers can establish the products quality.

With regards to the margin and value influencing the price and marking of the food and beverages in the hotels, 71% and 55% respectively agreed that these factors strongly

has a role to play. Also, all the environment influences the pricing and marketing of food and beverages in hotels. Zeithaml et al. (1993) studied customer satisfaction by comparing their expectations and perceptions. They state that customers have expectations regarding the physical environment of a service setting and once these expectations are met, customers are likely to be satisfied. In this context, aesthetic design and ambience of a physical environment attracts customers and directly affects their satisfaction levels (Ha and Jang, 2012; Han and Ryu, 2009) which in turn affects the price and marketing of the food and beverages.

Table 4.3: Factors influencing pricing and marketing of food and beverages in hotels

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Does branding influences pricing and marketing	0 (0%)	4 (6.7%)	22 (36.7%)	24 (40.0%)	10 (16.7%)
Cost of production	0 (0%)	0 (0%)	15 (25.0%)	31 (51.7%)	14 (23.3%)
Raw material	0 (0%)	0 (0%)	9 (15.0%)	30 (50.0%)	21(35.0%)
Competitors	0 (0%)	0 (0%)	17 (28.3%)	42 (70.0%)	1 (1.7%)
Does margin influences pricing and marketing	0 (0%)	0 (0%)	15 (25.0%)	43 (71.7%)	2 (3.3%)
Does value influences pricing and marketing	0 (0%)	0 (0%)	14 (23.3%)	33 (55.0%)	13 (21.7%)
Environment influences pricing and marketing	0 (0%)	0 (0%)	25 (41.7%)	24 (40.0%)	11 (18.3%)

4.3 Effect of pricing and marketing of food and beverages on the growth of hotels

The prices of standard food and beverages in the various hotel was assessed. From the results obtained, the mean price of lunch is GHC 25.37 (St. Dev = 7.58). The minimum price of standard lunch is GHC 12.00 and the maximum price is GHC 50.00. With regards to the standard price of breakfast, the minimum price tag in the hotels is GHC 20.00 whereas the maximum cost of standard breakfast us GHC 60.00 with a mean price of GHC 34.63 (St. Dev = 7.90). Further, the hotels reported that the price of 0.75ml of bottled water regardless of the brand cost a minimum price of GHC 25.00 and a mean price of GHC 41.42 (St. Dev = 4.97). However, the price of beverages ranged from GHC 30.00 to GHC 50.50.

Table 4.4: Cost of standard food and beverages.

	Cost of Standard			
	Lunch	Breakfast	Bottle water (0.75ml)	Beverage
Mean	25.37	34.63	41.42	45.21
Std. Deviation	7.58	7.90	4.97	4.10
Range	38.00	40.00	35.00	20.50
Minimum	12.00	20.00	25.00	30.00
Maximum	50.00	60.00	60.00	50.50

4.4 Growth of the hotel

The majority of respondents (65%) ascertained that there has been a moderate growth in the hotel for the past 10 years whereas only 25% of all the respondents interviewed indicated that there has been a slightly growth. The findings of the study revealed that

the growth of hotels in Kumasi Metropolis has been moderate for the particular period of time.

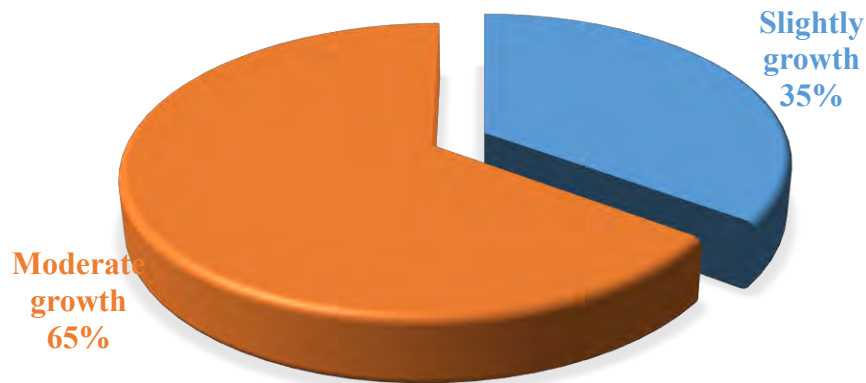


Figure 4.1: Growth of the hotel

The respondents agree (51.7%) and strongly agree (31.7%) that the sales in the hotels accounts for the growth of the hotels. Further, all the respondents from all the hotels interviewed strongly agree that the number of their loyal customers increases the growth of the hotel.

Table 4.5: Growth of hotels in Kumasi Metropolis

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Does sales account in the growth of the hotel?	0 (0%)	1 (1.7%)	9 (15.0%)	31 (51.7%)	19 (31.7%)
Does the number of loyal customers increase the growth of the hotel	0 (0%)	0 (0%)	0 (0%)	0 (0%)	60 (100%)

CHAPTER FIVE

3.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Summary

Beverages, both non-alcoholic and alcoholic, are an integral element to food and beverage operations within hotels and restaurants across the world. The demand for food and beverage is transforming and growing. The present study was undertaken to examine the impact of pricing and marketing of food and beverages in hotels in Kumasi Metropolis. Specifically, the study seeks to determine (i) the various ways in which food and beverages are priced and marketed in hotels; (ii) the factors influencing pricing and marketing of food and beverages in hotels; and (iii) the effect of pricing and marketing of food and beverages on the growth of hotels. The research employed the quantitative research design and the hotel managers were the respondents. The study used the random sampling and systemic sampling in soliciting information from the respondents. A semi structured questionnaire which encompasses both open-ended and closed-ended questions was used in gathering information from the respondents. The Statistical Package for Social Sciences (SPSS version 26) statistical software was used in performing all the statistical analysis.

From the analysis and the results obtained the following was obtained:

The majority of the hotel managers were females and only few of them were males. The respondents were educated and the major education obtained by the respondents was College degree and Bachelor's degree, with only few with Master's Degree. The majority of the respondents are between the age range of 28 – 32 years.

With regards to the research capacity of the hotel managers, they agreed that there is a need to carry out research in areas of value based price, market based price and customer's preference of products sold in the hotels.

Also, the factors influencing the price and marketing of food and beverages in the hotels were rated as important components by the respondents. They agreed to the statements that the following factors affect the price and marketing. Factors such as branding, cost of production, raw materials, competitors, margin, value and environment has a positive effect on the price and marketing of food and beverages.

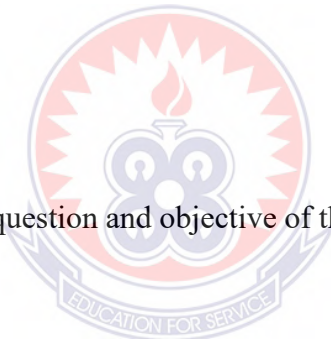
Further most of the firm reported to be at a stage of moderate growth and only few are on a slightly growth rate.

5.2 Conclusion

Based on the set research question and objective of the study, the following conclusion has been arrived at:

The factors that influences the price and marketing of food and beverages in hotels in the Kumasi Metropolis includes the branding of the product, cost of production, raw materials, competitors, margin, value and the environment of the hotel facilities.

Also, the pricing and marketing strategy has resulted in moderate growth in the hotel industry in Kumasi metropolis.



5.3 Recommendations

This study makes a significant contribution in our understanding of the effect of pricing strategies on growth of hotels in Kumasi. However, further studies should be considered in other parts of the country to compare and contrast its impact on the hotel industry.



REFERENCES

- Adriadi, P. (2010). The functions and responsibilities of foods and beverages product division in Sahid Jaya Hotel Solo.
- Fyall, A. and Garrod, B. (2005). *Tourism Marketing: A collaborative approach*. Great Britain: Cromwell Press.
- García, M. A. R. (2013). *Effects of Competition and Quality on Hotel Pricing Policies in an Online Travel Agency*. *Tourism Economics*, 19(1), 63–76. doi:10.5367/te.2013.0189
- Griffith, D. A. and Lee, C., (2004). *The marketing strategy-performance relationship in an export-driven developing economy: A Korean illustration*. *International Marketing Review*, 21(3) pp 321-334
- Lages, L. F., and Montgomery, D. B. (2005). The relationship between export assistance and performance improvement in Portuguese export ventures: *An empirical test of the mediating role of pricing strategy adaptation*. *European Journal of Marketing*, 39(7/8), pp 755-784.
- Muchina, M. (2012). The effects of marketing mix on profitability of institutions in the banking sector in Kenya (*a case Study of Family Bank Ltd.*). Thesis, Kenyatta University
- Myers J. (2001), The Impact of Product Market Competition on Employment Determination in Unionized and Non-Unionized Firms: Firm Level Evidence for the U.K.", *The Review of Industrial Organization*, (4):385-394,
- Ong'ong'a, A. (2014). Effect of marketing strategies in gaining market share by insurance companies in Kenya. Thesis, University of Nairobi
- Oxenfeldt, A.R. (1983), "Pricing decisions: how they are made and how they are influenced", *Management Review*, November, 23-5.

- Raya, J. M. (2011). The effect of time on hotel pricing strategy. *Applied Economics Letters*, 18(13), 1201-1205.
- Seyed, M. (2011). Marketing Mix from the Viewpoint of Zanjan Grand Hotel Customers. *South Asian Journal of Tourism and Heritage*, 4(1): 12-18.
- Talabi, J. (2015). The Role of Marketing in Hotel Industry: Six successful hotel units in Abuja and Jakobstad.
- Tzokas, N., Hart, S., Argouslidis, P. and Saren, M. (2000a), "Industrial export pricing practices in the UK", *Industrial Marketing Management*, 29, 191-204.
- Wangui, W. L., Kiragu, D., Wachira, A. (2018). Effect of Pricing Strategy and Growth of Selected Hotels in Nyeri County, Kenya, *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 8 (1): 205-214
- Wood, R. C. (2007). The Future of Food and Beverage Management Research. *Journal of Hospitality and Tourism Management*, 14(1), 6–16. doi:10.1375/jhtm.14.1.6
- Wood, R.C. (1997). *Working in hotels and catering* (2nd ed.). London: International Thomson Business Press.

APPENDICES

Appendix 1: QUESTIONNAIRE

IMPACT OF PRICING AND MARKETING OF FOOD AND BEVERAGES IN HOTELS IN KUMASI

Dear Respondent,

I am an MTECH student at the University of Education, Winneba , undertaking a study on the impact of pricing and marketing of food and beverages in the Kumasi Metropolis. The study is for educational purpose and your readiness to respond appropriately will make its outcome beneficial to others. The survey is voluntary and the information that you give will be confidential. The information will be used to prepare reports, but neither your, nor any other names, will be mentioned in any reports. There will be no way to identify that you gave this information.

Thank you for cooperation and assistance

ACHEAMPONG MICHAEL

Section A: Bio Data

1. Name of Hotel:.....
2. Sex of respondent: Male [] Female []
3. Please tick the age range that applies to you
18 – 22 years [] 23 – 27 years [] 28 – 32 years []
33 and above []
4. Years of working in the Hotel:.....

5. Level of Education: High school degree [] Some college/associate degree []
 Bachelor's degree [] Master's degree [] Doctorate degree []

Section B.

1. What are some of ways food and beverages are priced and market?

.....

.....

.....

.....

.....

Kindly rate the following items in regards to the hotel.

Rating	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Statement					
Do research?					
Value based price					
Do market-based price					
Customer preference					
<i>1 = Strongly disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly agree</i>					

Section C. Factors influencing pricing and marketing of food and beverages in hotels

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Does branding influences pricing and marketing					
Cost of production					
Raw material					
Competitors					
Does margin influences pricing and marketing					
Does value influences pricing and marketing					
Environment influences pricing and marketing					
<i>1 = Strongly disagree 2 =Disagree 3 = Neutral 4 =Agree 5 = Strongly agree</i>					

Section D. Effect of pricing and marketing of food and beverages on the growth of hotels

D.1 What is the cost of a standard lunch in the hotel?

.....

1= Yes 2= No

D.2 What is the cost of a standard breakfast in the hotel?

.....

D.3 What is the cost of a bottle of water (0.75ml)?

.....

.....

D.4 What is the cost of a beverage?

.....

.....

.....**D.5** Does the price of food and beverages affect the number customers coming to the hotel?

1= Yes 2= No

Section E. Growth of the hotel

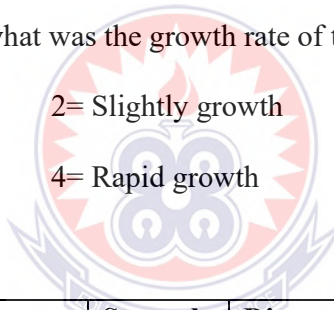
E.1 For the past 10 years what was the growth rate of the hotel

1= No growth

2= Slightly growth

3= Moderate growth

4= Rapid growth



Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
E.1 Does sales account in the growth of the hotel?					
E.2 Does the number of loyal customers increase the growth of the hotel					
<i>1 = Strongly disagree 2 =Disagree 3 = Neutral 4 =Agree 5 = Strongly agree</i>					