

CASE STUDY ANALYSIS OF 7P MARKETING STRATEGY APPLICATION

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Abstract: China's economy has rapidly recovered post-pandemic, driving a gradual rebound in the hotel industry. As a representative of mid-range chain hotels, LF Hotel has established a unique market advantage with its core philosophy of "friend-style service." However, its rapid expansion has led to inconsistent service quality across its outlets, exposing issues in seven key areas: product, price, place, promotion, people, process, and physical evidence. These challenges not only reflect the difficulties faced by LF Hotel but also highlight common marketing dilemmas in the mid-range chain hotel industry. This study, based on the 7P service marketing theory, designs and distributes questionnaires to conduct an in-depth investigation of LF Hotel's customer base, comprehensively analyzing its current service marketing status and existing problems. The research findings indicate that customer satisfaction with personnel, service processes, and physical evidence is relatively low, showing a significant gap compared to their psychological expectations. Based on these findings, targeted optimization strategies for service marketing are proposed, aiming to enhance LF Hotel's sustainable development capabilities while providing theoretical references and practical guidance for the mid-range chain hotel industry.

Keywords: Service marketing; LF hotel; 7P marketing strategy

1 INTRODUCTION

Over the past decade, China's economy has maintained steady growth, demonstrating a continuous upward trend. This economic growth has been accompanied by a profound shift in consumer attitudes, transitioning from a focus on material needs to a pursuit of spiritual fulfillment. High-quality service has gradually become a critical factor in market competition. As a mid-range chain hotel brand, LF Hotel has distinguished itself in the industry with its "friend-style service" philosophy, attracting significant attention from young consumers. However, with the rapid increase in the number of outlets, management challenges have escalated, and inconsistent service quality has become a major bottleneck in its development. These issues not only affect LF Hotel's brand image but also reflect common challenges faced by the mid-range chain hotel industry. From a theoretical perspective, existing research on hotel marketing has paid relatively little attention to the service marketing of mid-range chain hotels. This study takes LF Hotel as its research subject, systematically analyzing its service marketing based on the 7P service marketing theory [1], aiming to fill this research gap and enrich the theoretical framework of service marketing for mid-range chain hotels. From a practical perspective, optimizing service marketing strategies can effectively enhance customer satisfaction, strengthen market competitiveness, mitigate risks caused by service quality issues, and achieve sustained growth in revenue. Furthermore, the research findings are not only applicable to LF Hotel but also provide valuable insights for other mid-range chain hotels, contributing to the overall improvement of service standards in the industry. Therefore, this study holds significant practical importance.

1.1 Theoretical Foundation

The 7P service marketing theory (product, price, place, promotion, people, physical evidence, and process) [2] builds upon the traditional 4P framework by emphasizing service-specific elements. It highlights brand value enhancement through employee skill development, environmental detail optimization, and service process design. This study applies this theory to systematically analyze LF Hotel's current situation, proposing targeted optimization strategies such as improving personnel training systems, flexible pricing mechanisms, and integrating online and offline channels. These strategies provide theoretical support for the marketing upgrade of service-oriented enterprises [3].

1.2 Research Status

Internationally, Booms and Bitner established the 7P service marketing theory, followed by subsequent scholars proposing integrated marketing, digital applications, and green marketing. Dalia Marin empirically demonstrated the significant role of product advantages in driving marketing. Domestically, research has surged in the past five years, with scholars focusing on differentiation strategies, implementation challenges in underdeveloped regions, contactless services spurred by the pandemic, and employee incentives.

2 RESEARCH METHODOLOGY

2.1 Introduction to LF Hotel

LF Hotel (Lavande Hotel), established in 2013 under the Jinjiang Hotels Group, is a mid-range chain brand. It integrates lavender elements and fragrance culture into its hotel concept, creating a unique "friend-style service" experience, offering features such as hot towels, floral tea, white-glove service, and iPad room selection. As of now, LF Hotel has opened over 1,000 outlets across 314 cities, serving more than 30 million customers. Its locations are primarily near universities, reflecting its precise targeting of young consumer groups.

2.2 Questionnaire Design and Analysis

2.2.1 Survey design

The survey consisted of a 29-question questionnaire covering customer demographics, stay experiences, and evaluations. It included single-choice, multiple-choice, matrix scale, and open-ended questions. A total of 150 questionnaires were distributed, with 130 valid responses collected, yielding an effective response rate of 87%. Invalid responses were mainly due to incomplete answers or repetitive choices [4]. The survey targeted both customers who had stayed at LF Hotel and potential customers aware of but yet to stay at the hotel. Data collection was conducted online via WeChat and offline through QR codes at hotel outlets from March to April 2023. The survey aimed to provide a clear analysis of LF Hotel's current marketing status, collect authentic data, identify service marketing issues, and offer references for optimization strategies.

2.2.2 Data analysis

Table 1 Basic Information of Survey Respondents

Category	Options	Percentage
Gender	Male	35.29%
	Female	64.74%
Age	Below 23 years old	50.98%
	23-30 years old	19.61%
	31-40 years old	13.73%
	41-50 years old	9.8%
	Above 51 years old	5.88%
Location	Nanchong	15.69%
	Chengdu	35.29%
	Other areas within Sichuan	25.49%
	Areas outside Sichuan	23.53%
occupation	Government	11.75%
	Freelancer	19.61%
	Student	47.06%
	Corporate employee	15.69%
	Others	5.88%

Income Ranga	1500-2500	50.98%
	2500-5000	21.57%
	5000-8000	19.61%
	Above 8000	7.84%
Total	100%	

The sample characteristics were analyzed across five dimensions (See Table 1):

Gender: Males accounted for 35.29%, while females made up 64.74%, indicating a need to focus on female consumer preferences.

Age: 50.98% were under 23, and 19.61% were aged 23-30, reflecting a strong youth demographic (70%).

Residence: 35.29% were from Chengdu, 25.49% from other parts of Sichuan, and 23.53% from outside Sichuan, showing a concentration in the Sichuan region.

Occupation: 47.06% were students, and 19.61% were freelancers, together representing 66.67% of the sample, indicating a predominantly young demographic.

Monthly Income: 50.98% earned between 1,500-2,500 RMB, while only 7.84% earned above 8,000 RMB, reflecting limited consumer purchasing power.

2.2.3 Stay experience

Booking Channels: 76.47% booked through third-party apps (e.g., Meituan, Ctrip), while only 5.88% used the hotel's official WeChat account, indicating reliance on external platforms. Frequency of Stay: 41.86% had stayed 1-2 times, 16.28% had stayed 3 or more times, and 27.91% were potential customers, suggesting room for loyalty improvement. Product Experience: 67.74% used dining services, 41.94% used meeting facilities, while gym and self-service laundry usage was only around 16%, indicating insufficient promotion. Service Experience: 67.74% used luggage storage, and 38.71% used parking services, with other services being underutilized, highlighting a need for service diversity.

2.2.4 7P Problem analysis

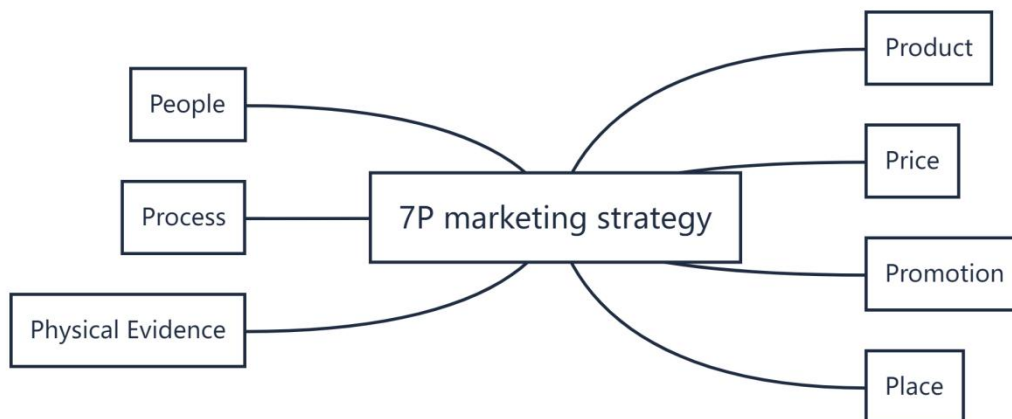


Figure 1 7P Marketing Strategy

Product: Low utilization of facilities, with customers unaware of services like the gym, necessitating better promotion and guidance (See Figure 1).

Price: 61% were satisfied with room prices, and 64.5% were satisfied with app discounts, but 55% considered pricing high, indicating inflexibility.

Channel: 77% relied on third-party platforms, with low usage of the hotel's own channels (e.g., WeChat), and inadequate review response mechanisms.

Promotion: 16% were unaware of LF Hotel, with promotional efforts being monotonous and lacking innovation and broad coverage.

Personnel: Uneven age and education levels among staff, with front desk employees being young but inconsistent in quality, coupled with unprofessional training and high turnover.

Service process: Check-in satisfaction was 70%, while check-out satisfaction was only 60%, with deficiencies in reservation and room service details requiring process improvements.

Physical Evidence: 65% were satisfied with room environments, but 78% found the design outdated, lacking

innovation.

3 DISCUSSION OF PROBLEM CAUSES AND OPTIMIZATION STRATEGIES

3.1 Problem Causes

Inadequate Management Follow-Up: Rapid expansion has increased the difficulty of standardizing services, with uneven allocation of management resources [5]. **Employee Quality Shortcomings:** Incomplete training systems, lack of professional assessments, insufficient incentives, and high employee turnover. **Lagging Marketing Strategies:** Promotional efforts and channel development lack targeting, failing to fully tap into the consumption habits of young groups. **Customer Expectation Gaps:** Service processes and physical evidence do not align with modern consumer demands (e.g., technological integration, personalization).

3.2 Optimization Strategies

Promotion Strategy: Leverage new media platforms like Douyin and Kuaishou to create creative videos and live-streaming sales events, utilizing employees' personal accounts to expand brand awareness. **People Strategy:** Implement categorized training for all employees, combining departmental-specific guidance with practical case studies, and conduct regular assessments. Enhance incentives through improved benefits, bonuses, and promotion mechanisms, fostering a sense of belonging. **Physical Evidence Strategy [6]:** Update facility photos, strengthen staff appearance training, and integrate technological elements. Focus on intangible service details, such as professional front desk interactions, to enhance customer perception. **Process Strategy:** Optimize check-in by offering hot tea and inquiring about sleep preferences and floor choices. During stays, provide tailored services like fruit for tourists and quiet environments for business travelers. Improve reservations by training staff to record customer needs and send reminders about routes and weather [7]. Enhance check-out by proactively providing parking tickets, collecting feedback, and establishing big data follow-up mechanisms (e.g., birthday discounts, calendar mailings).

4 CONCLUSION

Guided by the 7P service marketing theory, this study conducted an empirical analysis of LF Hotel's service marketing strategies through a structured questionnaire survey. The findings systematically revealed challenges across seven dimensions [8]: product design (e.g. lack of service differentiation), pricing mechanisms (inflexible dynamic adjustments), channel integration (weak coordination between online and offline platforms), promotional effectiveness (limited digital engagement), staff competency (inconsistent service standards) [9], service processes (inefficiencies in check-in/check-out), and physical evidence (underwhelming brand ambiance). To address these gaps, targeted strategies were proposed, including personalized service packages, AI-driven dynamic pricing, omnichannel customer journey optimization, and employee empowerment programs. These measures aim to enhance service quality, strengthen brand competitiveness, and align with sustainable development goals for the mid-range hotel sector.

Theoretically, this research enriches the application of the 7P framework in China's hospitality industry, particularly for chain hotels facing homogenized competition. Practically, it provides actionable insights for LF Hotel to improve customer experience and achieve premium pricing, while serving as a reference model for peers to balance standardization and innovation [10].

Future studies should focus on three directions: First, longitudinal tracking of LF Hotel's strategy implementation to establish a dynamic "problem identification-optimization-evaluation" cycle; Second, comparative analyses of mid-range chain hotels across regions to identify industry-wide bottlenecks and localized solutions; Third, exploration of emerging technologies (e.g., AI, IoT-enabled contextual marketing) to redefine service delivery and theoretical frameworks. Such efforts will foster agile adaptations to evolving market demands and technological disruptions.

COMPETING INTERESTS

The authors have no relevant financial or non-financial interests to disclose.

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