

# **Lesson 2. The Marketing Plan.**

## **The Cornerstone of Sales**

*Hotel Sales and Revenue Management*

# The Marketing Plan

- ▶ Marketing is the foundation for sales; without a marketing plan based on thorough research, sales efforts may be wasted
- ▶ A marketing plan is the property's road map, telling you who you are, where you are going, and how you're going to get there
- ▶ Sample marketing plans and templates are available online, or through franchisors (for franchise properties); marketing consultants can help in creating a marketing plan
- ▶ A marketing plan need not be long and complicated
- ▶ Marketing plans should include programs to attract business to each of a property's revenue centers

# The Marketing Plan

- Different market segments need their own marketing approach
- A marketing plan should be developed for at least a three-year period and be regularly reviewed and updated
- A marketing plan should be flexible, not rigid

# Benefits of Long-Range Marketing Planning

- ▶ Forces managers to think ahead and make better use of resources
- ▶ Sets responsibilities and coordinates and unifies efforts to reach sales goals
- ▶ Creates an awareness of problems and obstacles
- ▶ Identifies opportunities to increase market share in currently served segments and open new ones
- ▶ Ensures that sales promotions and advertising are not wasted due to misdirected efforts

# The Marketing Team

- ▶ The marketing team is established to create and implement marketing strategies
- ▶ The team should include at least one representative from each revenue center; nonrevenue areas should be represented as well
- ▶ Team members should develop strategies for their revenue centers and present them to the marketing team for review and revision before they are incorporated into the marketing plan
- ▶ A marketing team makes sure that no property areas are overlooked and that marketing responsibilities are shared by key property personnel

# Steps of a Marketing Plan

- Conduct a marketing audit
- Select profitable target markets
- Position the property
- Establish objectives and action plans
- Monitor and evaluate the marketing plan

# Step 1: Conducting a Marketing Audit

The marketing audit is the research step in the planning process. There are several elements involved in conducting a marketing audit:

- Internal sources of marketing information
- External sources of marketing information
- Property analysis
- Competition analysis
- Marketplace analysis

# Internal Sources of Marketing Information

- The simplest marketing information system to design and implement is an internal system designed to collect data from within the hotel or restaurant
- An internal information-gathering system can provide lots of information while requiring less time and money than an external system
- Internal information-gathering methods include using guest histories and sales data, guest comment cards, in-house guest surveys, and face-to-face conversations with guests
- Employees and managers are also internal sources of marketing information as they frequently receive guest feedback

# External Sources of Marketing Information

- There are a number of syndicated services that collect consumer information, including customer profiles, shopping behavior, customer responses to advertising, and consumer attitudes/preferences
- Some firms gather statistics that enable a property to compare itself against its competition
- Other external sources of marketing information include trade associations, trade journals and periodicals, popular periodicals, convention and visitors bureaus, travel bureaus, government sources, and the Internet

# Property Analysis

- ▶ A property analysis is a written, unbiased self-appraisal used to assess the strengths and weaknesses of a property
- ▶ A property analysis takes into account both revenue- and non-revenue-producing areas, as well as intangibles such as reputation and location
- ▶ First, a detailed room-by-room and facility-by-facility inspection should be made; building exteriors, landscaping, and the property's sign should also be examined
- ▶ The entire property should be evaluated in terms of traffic flow, accessibility, eye appeal, and compatibility with local surroundings

# Property Analysis

- The property should also be analyzed from the guest's perspective
- Part of performing a property analysis is to conduct an occupancy and activity analysis, which is an analysis of the property's past, present, and potential operating statistics used to track sales history patterns over a three- to five-year period; this analysis reveals low-business periods and should be conducted for all revenue centers
- A geographic origin study reveals where guests come from and can help a property focus its marketing efforts

# Competition Analysis

- The objectives of a competition analysis are to discover (1) profitable guest groups being served by competitors that are not being served at your property, (2) some competitive benefit or advantage your property enjoys that cannot be matched by major competitors, and (3) weaknesses in the marketing strategies of competitors on which your property can capitalize
- A competition analysis should be made at least four times a year
- One of the main reasons for assessing your competition is to determine how you can differentiate your property in a way that adds value for customers
- Generally speaking, competitors are properties in the immediate area that sell to similar market segments and offer similar products and services at similar prices (your competitive set)

# Management's Role in Marketing and Sales

- ▶ You can identify your competitors through a competitive rate analysis, preparing competitive fact sheets, and analyzing need fulfillment by market segment
- ▶ A competition analysis involves walking the properties of competitors, talking with competitors' employees, studying the advertising of competitors, and taking note of how they use social media
- ▶ The three most commonly used statistics for measuring your performance against your competitors are market share, fair share, and revenue per available room (RevPAR)

# Market Share, Fair Share, and RevPAR

$$\text{Market Share for Hotels} = \frac{\text{Property Room Nights Sold}}{\text{Total Market Room Nights Sold}}$$

$$\text{Fair Share for Hotels} = \frac{\text{Property's Available Room Nights}}{\text{Total Available Room Nights in Market}}$$

$$\text{RevPAR} = \frac{\text{Room Revenue}}{\text{Total Number of Available Rooms}}$$

# Marketplace Analysis

▶ A marketplace analysis researches the property's current position in the marketplace and reveals potential opportunities to promote the property, as well as identifies environmental opportunities and problems that can affect business

▶ Marketplace factors that affect business include changes in demographics; positive and negative events in the community, region, state, and nation; energy availability and costs; government regulation; and the cost of travel

▶ Statistics for projecting environmental effects on business can be found in census data, information from industrial commissions, and industry reports

# Step 2: Selecting Profitable Target Markets

- A hotel is actually a series of businesses that cater to a number of different markets
- Market segmentation consists of viewing a market as a number of smaller market segments, each segment a group of consumers with similar product and service preferences
- Markets can be segmented by demographics, purpose of trip, benefits sought, geography, lifestyle, usage, and intermediary

# Step 2: Selecting Profitable Target Markets

- It is impossible to be all things to all people; properties must define their product in terms of the major market segments they can best satisfy (these become their target markets)
- Properties can identify their current guest mix through the use of a revenue grid and an occupancy chart, and by gathering guest profile information

# Guest Profile Information

- Using guest registration/reservations information can reveal:
- A breakdown of the present guest base
- The demographics of each guest: age, sex, marital status, family size, income, occupation, etc.
- The point of origin or the feeder city from which each guest arrives
- Average length of stay and the pattern of occupancy (revealing peak, shoulder, and valley periods)
- How guests get to the property
- Sources of reservations
- Lucrative market segments that should be targeted for future promotions

# Guest Mix

- ▶ A property wants to create the mix of business that will generate the greatest revenue and produce the most profit
- ▶ A balanced guest mix is ideal, because it will help ensure that a property can maintain a fairly steady occupancy rate regardless of changing market trends
- ▶ A property's guest mix should be reviewed periodically
- ▶ Defining and redefining markets is a continual process; adjustments to the marketing plan and the guest mix are frequently required as conditions change
- ▶ Unforeseen events, such as economic downturns, strikes, highway reroutings, and weather may alter the guest mix, requiring adjustments on the part of management

# Step 3: Positioning the Property

- Every property projects a certain image in the minds of the public; this is known as the property's market position
- The process of designing a property's market position is known as positioning
- Positioning is not simply advertising; it involves the hospitality a property offers and its managers and marketers ability to create unique selling points based on the property's location, internal or external features, and personnel

# Step 3: Positioning the Property

- ▶ There are two basic positioning choices: you can directly compare yourself to the competition, or you can identify a new need in the marketplace and fulfill that need before the competition discovers it
- ▶ Developing a positioning strategy requires identifying the benefits that will be most important to potential guests and knowing exactly what the property has to offer

# Questions to Assist with Positioning Development

- ▶ Who are we? What do we stand for? What are our strengths and weaknesses? Does our property have a liability that can be turned into an asset?
- ▶ How does our property differ from the competition? Does our property have tangible or intangible advantages over the competition? Are there areas in which we can set ourselves apart?
- ▶ What areas are not producing the desired revenue or response? Are there areas that show a high potential for repeat business?
- ▶ Which target market segments can be most beneficial to us?
- ▶ What are the needs and wants of each segment? What benefits do they seek? Does the property offer any features or services that are unique?
- ▶ Are there opportunities in the marketplace? How can we go about attracting this business?

# The Positioning Statement

- ▶ A property's positioning statement expresses the property's uniqueness
- ▶ The positioning statement must communicate the property's advantages to its selected target markets
- ▶ The positioning statement should be targeted to market segments of sufficient size to warrant the expenditures required to attract additional business from those segments, and the property must have the ability to meet the needs of these market segments
- ▶ Strong positioning creates an image, outlines guest benefits, and distinguishes a property from its competition
- ▶ It is important to reassess your positioning periodically

# Step 4: Establishing Objectives and Action Plans

This step in creating the marketing plan involves:

- Setting marketing objectives
- Developing and implementing action plans
- Budgeting

# Setting Marketing Objectives

- At the beginning of the year, marketing objectives should be established for each month and each market segment
- Sales objectives and quotas can be developed as a result of these marketing objectives
- Marketing objectives should be simple and should be set for each market segment, revenue center, and revenue-producing service (valet, laundry, and so on)

# Characteristics of Effective Marketing Objectives

- ▶ In writing
- ▶ Understandable
- ▶ Realistic and challenging
- ▶ Specific and measurable:
  - Quantity-specific
  - Time-specific
  - Market share-specific

# Developing and Implementing Action Plans

- Action plans are the heart of a marketing plan
- There should be detailed action plans for each market segment and revenue center
- Action plans can be as simple or as complicated as necessary
- Action plans should be very specific and incorporate the following six areas:
- A description of the types of business and the market segments to be solicited
- Target customers—a specific definition of who will be solicited
- Rates/packages/promotions/special plans—a listing of the rates that will be charged for business within each segment

# Developing and Implementing Action Plans

- Objectives
- Action steps
- Budgeting
- Each action plan should include the who, what, where, when, and why of each step in the plan

# Budgeting

- ▶ Most marketing budgets include sales, advertising, online marketing/website costs, and promotional expenses; direct mail postage and handling charges; promotional premiums; and salaries of the marketing and sales staff
- ▶ Individual budgets should also be established for each market segment and each action plan designed to reach that segment
- ▶ Budgeting should be broken down into quarterly segments to make effective monitoring possible (the exception is media advertising, which is often budgeted on an annual basis)

# Budgeting

- A zero-base budget starts at zero; monies are budgeted at levels needed to get the job done, and all expenses must be justified
- Although zero-base budgeting takes more time and effort than percentage-of-sales, competitive-parity, or affordable-funds budgeting, it is considered the best way to budget for marketing

# Step 5: Monitoring and Evaluating the Marketing Plan

- The more carefully the marketing effort is measured, the easier it will be to plan future marketing activities and programs
- The cost-effectiveness of some public relations efforts and sales promotions may be difficult to measure, but it is important to establish some sort of monitoring system for them
- The marketing plan should be reviewed periodically so that corrective action can be taken throughout the planning cycle

# Methods of Monitoring the Marketing Plan

- ▶ Record the number of room nights for each market segment
- ▶ Chart and compare the number of restaurant covers sold before and after advertising
- ▶ Survey zip codes to determine which media are most effective in local advertising
- ▶ Track prospecting results and sales production versus goals by salesperson

# Methods of Monitoring the Marketing Plan

- Keep track of each salesperson's (1) production of room nights by market segment; (2) business booked by peak, shoulder, and valley periods; and (3) repeat business versus new business booked
- Record direct mail responses and telephone inquiries in a logbook that indicates the specific salesperson to whom each lead was assigned
- Use return mail coupons and tabulate responses to coupons distributed to guests and employees
- Use specific response techniques, such as using special telephone numbers or instructing respondents to ask for a specific individual

# Reasons that Efforts to Reach Sales Goals Fail

- ▶ Lack of responsibility
- ▶ Lack of communication
  
- ▶ Lack of time
- ▶ Lack of authority
  
- ▶ Lack of appeal
- ▶ Lack of control
- ▶ Lack of realistic goals

Thank you for your attention!