

Trash The 2002 Marketing Plan - and just start over

By Carol Verret

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Nothing can approximate the loss and sense of grief that we feel for the victims of the World Trade Center and the Pentagon Tragedies. However, the economic aftermath is just beginning to take shape and it is ugly. Now, the most patriotic thing that we can do for our country and ourselves is to get back to business and try to stabilize this economy.

My advice to all of you in the hospitality industry is to TRASH the 2002 MARKETING PLAN - and just start over. Most of you have just finished or are in the process of completing the marketing and business plan for 2002. 2001 has been difficult for an industry that was posting double-digit gains in revenue for the better part of the last decade. According to PKF the average US hotel will suffer a 5.6% decline in operating profits in 2001 compared with a 10% increase in profits in 2000. That was written prior to September 11, 2001.

Many hotels and hotel management companies are ill equipped to deal with this sudden change of events. Demand has been so strong for the last ten years, we have focused on managing yield rather than generating demand. Demand has not just slowed down; in many market segments, it has come to a screeching halt. Most impacted are those convention and meeting hotels with long term bookings that are suddenly cancelled until further notice. Corporate travel, even if the fear of flying did not exist, will be impacted by the airline's curtailment of 20% of their average schedules. How deeply and for how long leisure travel will be impacted is anyone's guess. Our travel and business life as we have come to know it has come to an end, at least for the near future.

Trash The Marketing Plan and Start Over - from the beginning.

Competitive Analysis - Everyone is now the competition. From the limited service franchise down the street to the luxury hotel at the other end of the street. Don't hold on to a rate structure that has you positioned in your 'market/product segment.' It is war out there. The client doesn't care about your rate position in your market segment - they care about value and service for their scarce travel dollars. Do what it takes to retain your current accounts and steal new ones.

Value Add - If your top accounts are leaving you for the limited service hotel down the street, drop your rate and build in breakfast. If you have a food and beverage outlet, throw in a coupon for a free beverage. Offer an incentive to use the restaurant for meals other than breakfast. Will it reduce your overall revenues -- maybe. If your clients leave you for the amenities that your competition includes

in the rate, your revenue will most certainly be reduced even further. Think cash flow versus NOP.

Market Segment Analysis - Reduce your projections by a minimum of 20% across the board for the first six months of the year (and that is probably optimistic). Target those with which you can realistically have an impact and solicit like crazy. Some of those include government, drive-in markets like AARP and AAA. Develop packages for those guests that may now arrive by rail. Develop local 'vacation' packages for those in your area and within driving proximity that won't be flying this year. Remember, SMERFs and Associations have members, not stockholders, and may be inclined to continue their activities at a reduced budget closer to home. Go after those small accounts you couldn't be bothered with last year - the last economic recovery was built on small businesses.

Advertising and Promotion Budget - Resist the urge to cut the A & P budget. Don't throw your money away on any advertising or promotions that can't be tracked and evaluated as to direct revenue produced. Do use your budget to keep your frequent guests in your franchise loyalty programs close to you. Build in value adds to keep them from going down the street. Advertise only in vehicles proven to be effective - if an ad rep comes to you, make them show you their numbers, the results produced for other clients in the industry.

Sales and Marketing Staff -- Resist the urge to cut the sales staff. Recruit additional staff from the competitor down the street who's stealing your accounts. Train them - remember, many sales people for the last ten years have been answering the phone. Train them to prospect and sell, then reward them with incentives.

Customer Service -- Now more than ever, focus on the GSAs and their customer service skills. Train your managers and supervisors to train them on the nuts and bolts of delivering good customer service. We have been cavalier about our customer service during the period of time when demand was high. Who cared if we alienated a few guests - there were plenty more waiting to get in. Going the extra mile was the exception rather than the rule.

The NYC police and firefighters have offered us a hard lesson and a wake-up call - the extra mile is the only one that matters.

It is time to get back to our 'core competencies' in the hotel industry. As Carol Walter and Mark Haley alluded in their article of September 14 in Hotel-Online, we have become asset managers, real estate brokers and statisticians. While all of the above have their role and none of us intentionally operate non-profit organizations, we have lost our focus.

It is no longer 'build it and they will come' -- it is now how do we locate potential guests in a contracting market, how do we persuade them to come to our hotels rather than the competition and once there, how do we keep them coming back? If we accomplish the above with skill and a motive of providing hospitality -- the guests and the revenue will follow.

A very wise and prominent man in our industry, Bob Alter, President of Sunstone Hotels once said, "It is easy to bring the dollars to the bottom line when you have them coming in on the top line." This should be self-evident but is it truly sales and customer service that drives your hotels?

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Carol Verret and Associates, offers training and consulting services to the hospitality industry in the areas of sales, marketing and customer service. Carol's latest training product is a comprehensive customer service system, ResultsWOW. For a complete description of her services, log onto her web site at <http://www.carolverret.com> . Be sure to subscribe to her newsletter, ResultsWoW Customer Service Newsletter by sending an emailto:Subscribe-On@carolverret.com
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