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An Outsider's View Inside A Hotel's Marketing Department

*It's Still About Rate and Customers, but the Tools
Have Changed*

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HVS Sales & Marketing Services often exchanges insights and ideas with other industry colleagues as we assist hotel owners, general managers, and directors of marketing in generating revenue, building occupancy, maintaining rate, and fostering customer relationships. The article below shares a summary of some collective perceptions of what's currently happening in a hotel's marketing department (at least for the greater New York City region and, potentially, for other metropolitan areas).

To be a director of marketing (DOM) in a hotel today is far more overwhelming than it was a decade ago, or even five years back. Given the current unpredictability of the economy, and with communications and technology expanding so fast that it's difficult to keep up with the ever-growing blogosphere and social media outlets that may be critiquing your hotel, we have a great appreciation for the challenges faced by DOMs today. And with some hotels relying on a director of revenue management to guide and drive business, sometimes a savvy marketing strategy gets lost in the mix.

When you hear about companies like Blockbuster closing stores, you think, "hmm, likely it was Netflix who impacted that." When you hear about Walden Books and Borders closing their stores, you likely realize, "Well, Kindle and similar devices have created new ways of reading." The world is changing fast, and we need to stay progressive and open to new ideas.

From our vantage point as experienced professional consultants who are no longer on-property and in the trenches, we have a unique understanding of DOM goals. Here are some of the issues that we see:

Rate – This component is probably the biggest headache for the DOM today. How does a property lower rates to be appealing to guests without going so low as to betray the hotel's brand integrity? Not an easy issue to balance. It's challenging for 2- or 3-star hotels to manage rates effectively when the 3- or 4-star hotels down the road have lowered rates to be competitive with them. What's a hotel to do? HVS has seen this scenario first hand in the Orlando market, for example, over the last year and a half. With so much supply competing for heads in beds in this market, rates were lowered so significantly that we wondered how some of the hotels remained in business.

Skill set – Many DOMs have worked in their respective marketplaces for some time. An infusion of fresh insight will enable those still operating under a "traditional" structure to broaden their focus to include a new way of promoting their hotel – electronic marketing. This leap requires a thorough understanding of the electronic marketing distribution channels, the third-party channels,

and the GDS. It's apparent that the GDS is not disappearing the way some nay-sayers had predicted. Remaining friends with your Orbitz, Travelocity, and Hotels.com partners and monitoring the successes of electronic advertising and pay per click add a new dimension to a DOM's responsibilities.

E-distribution expertise – A DOM can benefit greatly by having a manager with e-distribution expertise to assist in the department. To manage the third-party and social media today, a DOM needs a team member who can converse intelligently through social media, generating leads and revenue, and cultivating community relations. It was only a few years ago that hotels anxiously reviewed TripAdvisor comments, keeping fingers crossed that their hotel had received only positive comments. Today, significantly more monitoring and tracking are necessary to stay abreast of on-line “conversations” about your hotel.

Corporate offices trying to “take over” revenue management and social media – When the head office takes these roles away from a property in order to save on labor costs or alleviate the hotel's responsibility, it runs the risk of losing sight of what's going on in the trenches and not projecting the brand voice or rate strategy for that individual property. A hotel also loses the opportunity to “take risks” if it's prevented from testing new channels for distribution or adopting a more aggressive presence in the third-party OTAs.

Some hotels are not willing to change how they do things – From our experience, independent hotels tend to be more willing to listen to an outside perspective or to modify strategies to drive more business. The last year has also shown the big group hotels that it is certainly time to change strategy and market mix penetration. It is our prediction that while group business may gradually return as the economy picks up and when it's no longer taboo to hold a corporate meeting, this business will not return to the levels hotels have enjoyed in the past. From the business we've reviewed recently, conference centers now target about 50% of their business from the transient segment and have enjoyed successes from the GDS.

Customers are finding new ways of doing business – Companies that have cut back on business travel and are now using webinars and conference calling capabilities will likely continue to use these cost-cutting methods even when business improves. This may be the new norm.

Overwhelming scare by the media – When TV broadcasters airing for 24 hours on 500 channels are looking to provide content, and more and more time is spent discussing the issues of terrorism, airport security, the terror trials in New York City, the increased terror alert levels in London, and similar global concerns, there's no

question it affects the consumer's desire to travel, which affects hotel occupancies. These reasons underscore the importance of having social media managers who can monitor on-line conversations about their hotels in order to participate and engage customers positively.

Our advice to address some of the issues indicated:

It's OK to ask for help. While it's understandable in today's times that a DOM dare not show his hotel owner any sign of weakness by asking for help or admitting a lack of knowledge, the fact is there are outside consultants who can provide an outsider's perspective and insight in order to support the DOM's goals. A DOM should be able to get the extra help and tools he or she needs to get the job done.

Find new markets. We are in a current transition period for communications, business, and the economy. This is the perfect time to assess your positioning in the marketplace (a specialty of HVS Sales & Marketing Services) and reach out to new markets. Sadly, some old markets are drying up. So it's time to think outside the box. Who has discretionary income today? – Should you promote girlfriend getaways? Attract retirees? Entice foreigners? Pursue other niche markets?

Update hiring methods. Hiring practices for finding innovative and knowledgeable sales and marketing support need to be modified for today's times. Ask a potential sales manager if he or she can read a RateVIEW or Hotelligence report. Ask the candidate detailed questions about web marketing and monitoring e-distribution channels.

Don't regress. Hotels must embrace change in order to move forward, stay dynamic, and be progressive. Just don't go to the extreme of marketing your hotel only electronically. We have seen some hotels do that. The basics are still necessary, and an approach that encompasses the traditional is important. There is always a need for self-directed and motivated sales managers.

Provide value. Customers are still looking for value, and today when they can stay at a 5-star hotel with a fourth night free, they are experiencing new hotels and will have those higher expectations if they return to their former accommodations. Even a popular high-end Caribbean resort is offering not only the fourth night free but also free companion airfare. Apparently, advance purchase value packages are particularly successful and prove a "real deal" with the active seniors' market. It's time to merchandise your accommodations in inventive and individual ways.

Tell guests what you have to offer. If you offer free wireless, tell 'em! If you offer free parking, say so. Don't be shy about promoting the

perks you offer. If you still offer free newspapers, let your customers know. Put it into your advertising. Southwest Airlines knows what bothers passengers today – so they're proudly advertising that on their airline, "Bags Fly Free."

Unfortunately, we're still anticipating some pain for hotels and their DOMs in 2010. While more people may begin to look for rooms for business and pleasure, rates will continue to stay low compared to prices in years past. It's an astute DOM who asks for assistance during these tough economic times.

About the Author

Leora Halpern Lanz joined HVS in February 1999 and is responsible for coordinating the global marketing and external promotion of HVS' worldwide office network and comprehensive hospitality services. Additionally, she coordinates the internal communications for the firm as well as contributes to the production of the firm's weekly e-newsletter, website and intranet. Her efforts have earned her awards and accolades from the prestigious Hospitality Sales & Marketing Association International (HSMIA) including a nomination as Sales & Marketing Executive of the Year for 2009, as well as awards from within HVS itself.

Leora directs HVS Sales & Marketing Services, which provides sales, marketing, revenue management, social media and public relations expertise for the hospitality industry. Specialties include: operational reviews, marketing plan development, sales and marketing assessments, review of hotel marketing strategies (sales organizations and operations), public relations, sales and marketing coordination with a property's flag, sales action planning, pre-opening marketing, sales direction and training, and publicity and promotions including web marketing.

About HVS Sales & Marketing Services

HVS Sales & Marketing Services, headquartered in New York, helps hotel owners and operators strengthen returns on hospitality investments in the areas of hotel sales consulting, hotel sales and marketing consulting, hotel resort sales consulting, revenue management and e-commerce. We can assist you by conducting sales and marketing assessments; creating sales and marketing plans for new, repositioned and stabilized hotels; conducting sales training programs, and even serving as your interim Director of Sales & Marketing during transition periods or staff changes. Our strong understanding of regional and international markets will enable you to capitalize on your competitive strength and improve ROI.

For further information regarding our expertise and specifics about our services, visit <http://www.hvs.com/Services/MarketingComm/>.