

## On the Use of Hotel Marketing : Sales and Marketing Plan 「セールス&マーケティング・プラン」ホテルマーケティングの実践について

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### Abstract

Over the last few years, a great deal of effort has been made in the area of Hotel Marketing studies. What seems to be lacking, however, is the demonstration of a theory with practical value. Also, all too often the sales individuals of the hotel industry are simply told to 'go sell' with emphasis on cold calls, blitzes, and telephone solicitation, with inadequate preparation regarding customer identification and needs. There is no question that the challenge of teaching domestic hotel marketing people to be familiar with the emerging techniques and skills of marketing is important if the management wishes to survive in the hotel business.

In writing this paper, the purpose has been to gather into one manageable concept from several contemporary hotel/hospitality marketing plan ideas and practices. I, myself have been involved in this task as field work for many years with the aid of many colleagues and competitors. To supplement these ideas, I have researched other trade magazines as well as information about the marketing programs of various hotel organizations - the global hotel chains that have traditionally dominated the field. Every hotel, whether it is a part of a vast organization or an independently owned property - must be engaged in marketing planning and implementation. Therefore, regardless of what marketing resources are at the property, the principal of effective marketing planning is significant to achieve the hotel/company goal.

This paper is divided into five parts. The first part as the introduction defines the importance of a hotel marketing plan and discusses the various aspects of marketing thought. Part two illustrates some steps in the actions of the sales and marketing plan. Following in Part three is a discussion of sales strategies and objectives as a present-day philosophy and current trends in the daily operation of the hotel industry. In Part four, the focus turns to setting budget and the importance of considering the advertising budget as a 'potential return'. The paper ends up with the conclusion that the marketing professional of the future will be fully prepared to use all of the data available, both internal and external, in writing a marketing plan. Because the education of these hoteliers will increasingly focus on how revenues are generated, they will be prepared to generate satisfactory returns not only to the hotel owners but also to the stakeholder.

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## 要旨

日本国内の80%のホテルは赤字経営と言われている。昨今外資系ホテルに国内のホテルが次々と買収され、それまで営業状態が芳しくなかったホテルが、外国オペレーターが変わっただけで営業が改善される。その理由について、35年間ホテル業界で働いてきた筆者として言えることは「経験」、「勘」、「度胸」にだけ頼っているホテルの営業担当者が非常に多く存在しているということである。今までその個人が蓄積してきた大切な「ノウハウ」を日々の営業活動の基準と考えている節がある。また、マーケティングを「営業・販売」と同視されている営業担当者も多い。だが、マーケットはどんどんグローバル化に移行している中、新しい消費者が登場し、消費行動のトレンドをつくりだしている。グローバルということは、単に国際的であるということのみならず、世界水準に照らし合せ、精度の高いマーケティングが要求される。本稿では直接出資者から利害関係を有するステークホルダーまで満足できる経営を実現するために、ホテルにおけるマーケティングとはどのように展開すべきなのか、海外各地でさまざまな競合相手のホテルと共に現場を携わった経験から実践的なホテルマーケティングの「セールス&マーケティング・プラン」の実施要領について論じたい。

## 1. Introduction

Today, consumers have more product choices than ever before. They also have more information about the choices via new communication technology. The combination of more competition and bombardment of communication from the many competitive alternatives means hotels have to work much harder to affect target market behavior in today's economic environment.

To maintain a thriving business result, the first impression and quality of the customer services are extremely important for the longevity of the hotel.<sup>1</sup> To stay competitive, the hotel needs to have a clear understanding of the financial requirements of the sales and marketing efforts and the cash flow required to stay in the hotel business arena. Therefore, we need to establish in advance a sales and marketing budget. The budget of advertising and promotions must conform to the overall budget plan of the entire hotel/company operations.

To achieve success, management must implement a precise short and long-range sales and marketing plan. "There is a tendency in the hospitality industry to think that marketing planning is only for larger hotels and that writing a plan for a hotel with a very limited staff is a waste of time. However, because jobs are not as well defined in the small property, it may be even more vital for the small property to commit its marketing plan into writing. In a larger property, assignments are generally confined to a particular market segment. Here, the schedules kept by the markets tend to keep the staff's efforts on track. By contrast, in a smaller property the staff may find itself getting bogged down in activities not directly related to selling. Indeed, in small hotels there is so much cross demand for the salespeople's

time, that even the most sales-minded of managers can end up spending far less time in sales and marketing than he or she intended. However, if a marketing plan has been put into writing, it can be used to check management's daily activities and to prevent the staff from getting off track." <sup>2</sup> Sales and marketing is a long-term investment to build a strong and enduring business. We should not wait until occupancy is low and profits are lagging to initiate a sales and marketing campaign. The function of the Sales & Marketing plan is to deal with it in an ongoing fashion and meet persistent issues head-on. The goal is to create conditions so that there is constant flow of revenue, proper growth and acceptance in the marketplace. Hotel marketing planning is expressed best by D. Anderson<sup>3</sup> when he says, "For hotels to survive in today's competitive environment, a systematic approach to the development of a business/marketing plan is a necessity to yield best result. . . .". When we first figure out what the hotel's logical source of business is, whether it will be locals, internet, leisure or corporate, we can then determine what services and facilities they want and need. Then we compare our hotel with our competition and emphasize our strong points with what the market wants.<sup>4</sup> Then all that is left is an intelligent and aggressive sales and marketing effort. The destination and hotel experience is the true basis. When we combine that experience with VALUE, SATISFACTION and QUALITY, only then will you be on the road to a profitable future. <sup>5</sup>

## **2. Sales & Marketing Plan**

To establish and implement cost effective customer relationship marketing programs that entice and persuade patrons to visit our hotel for pleasure and/or business and then return, thus optimizing revenues, is our ultimate goal. Attracting and cultivating repeat business from selected markets, TOURIST, LEISURE, INTERNET, CORPORATE and LOCALS while adhering to disciplined budgetary goals and operational controls, is the desired outcome of the following actions:

- If needed, implement a sales team to direct all aspects of Hotel Sales and Marketing departments.
- Monitor all Sales and Marketing activities for adherence to the hotel's service standards.
- Work with the hotel information system and other areas as deemed necessary to develop procedures for tracking promotions and media campaigns.
- Data mining, development and implementation of programs which will expand the guest database.
- Evaluate reports with accounting to ensure procedures are being followed. <sup>6</sup>

- Develop systems to improve guest satisfaction accountability. Monitor telephone calls on both incoming and out-going call reports. <sup>7</sup>
- Monitor tour operator's utilization reports, and analysis of booking engines, direct mail, special promotions. Prepare annual budgets and monthly status reports.
- Evaluate special promotions activity from a revenue and profit perspective.
- A monthly (bi-monthly) newsletter outlining events, promotions and other pertinent information needs to be developed and direct mailed or emailed with the objective of building awareness of the property and all it has to offer.

### **3. Sales strategies and objectives**

Once the Sales & Marketing plan is formulated, the most important aspect of the planning is the carrying out of the sales strategies and objectives. It should always start with the hotel's mission statement and follow up with a planning model, not only for the implementation strategy but also for the measurement of results. Of course, no matter how sound the mission statement or how specific the objectives and strategies may be, the most important aspect of the strategic marketing process is the implementation of the plan. Nothing happens until something is sold. The sales strategies and objectives are the integral part of the marketing plan. Advertising and public relations support the sales strategies which, in turn, are designed to obtain the revenue goals and objectives set forth for the hotel. Strategies include:

- Grow key accounts.
- Develop marketing strategies towards specific market segments that had received business in the past.
- Visit key markets that produce the largest visitor volume.
- Obtain new business from selected prospects with a strong emphasis on midweek business and groups.
- Solicit business from trade unions, social clubs, educational, government, medical, and cultural organizations.
- Eliminate selected marginal Tour Operator accounts.

- Develop relationships with National and Local Tourists Agencies.
- Develop excellent long run relationships with clients and key and accounts.
- Make sales calls and work with travel intermediaries, tour wholesalers, travel agencies and tour operators, and offer them accurate and updated information about the hotel, because the travel intermediaries will never have the opportunity to personally visit the majority of the hotels they book for their clients.
- Attend key trade shows and community functions.
- Market the hotel on a worldwide reservation system, such as Global Distribution System. Emphasize the quality and excellent accommodations at competitive pricing as the primary component. Food, location, as well as the corporate amenities are the secondary component. <sup>8</sup>
- Build credibility.
- Build awareness and name recognition.
- Handle guest complaints and concerns with the utmost professionalism.
- Ensure the best guest service is applied with high standards.
- Establish a consumer oriented view describing the hotel as a fun and exciting place to visit and a great place to mix business with pleasure.
- Hold down promotional costs.
- Continually monitor sales and marketing expenditures and results against budget figures.
- Vendors, advertising agencies and others need to be involved in the planning process, and must be made aware that their participation in the sales and marketing plan is expected. <sup>9</sup>
- Encourage support of subordinates in the planning process.
- Create a marketing time table for special events.
- Execute a Monthly Direct Mail or email Campaign to maintain customer loyalty, targeted to existing guests and to develop new customers.

- Encourage involvement and support of non sales personnel
- Train sales staff by setting quotas and prospecting techniques.

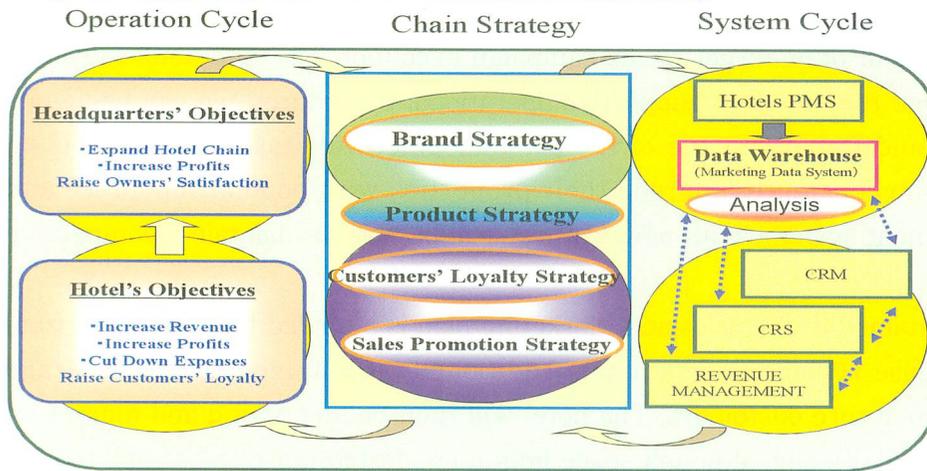
#### 4. Setting budgets

It is critical to a profitable result that the hotel establishes and implements a Sales and Marketing budget, whether it is a budget for one, three, six or twelve months. Budgeting must be determined and conform to the budgeting plan for total operations of the hotel.

- There are four commonly used methods when setting budgets :
  - 1) Percentage of sales  
Detailed sales forecast of the percentage of increase/decrease of previous year.
  - 2) Affordable method  
Detailed sales forecast based on the actual economic impact on different geographic segments and business domains.
  - 3) Competitive party method  
Detailed sales forecast of the percentage of increase/decrease to the competitors of the same market.
  - 4) Objective and task method  
Detailed sales forecast of the percentage of increase /decrease of the outstanding contracts and projects compared with previous fiscal year.

- Opportunities to stretch the budget  
Get involved with advertising for products that the media company can use as a kind of cooperative advertising.
- Tagging with travel agents and wholesalers by placing the hotel in their collateral and main advertisements.<sup>10</sup>
- Although the advertising budget is the subset of the sales and marketing budget, one must consider the other uses of the said budget. It is dependent on the objectives of the Sales & Marketing plan and the promotional plan. It must balance the objectives of the advertising plan against the expense available from the company. <sup>11</sup> The method most effective for setting a budget is the objective and task method, which determines whether the expense results in a positive return on investment. Figure 1 is a cycle image clarifies what are the objectives are enable the hotel marketing to lead to a practical application.

**Fig.1 Hotel Marketing Cycle Image**



## 5. Conclusion

People today are grounded in a reality formed by obligations, time constraints, roles and responsibilities. Lives are defined by jobs, professional commitments, schedules, cell phones, personal commitments and family obligation. People are looking for places where they can experience freedom and fun, if for only a few hours or a few days. The need to get away or escape is a universal thread running through lives of virtually all people today. It transcends any demographic and physiographic boundaries. The long-term branding and sales and marketing strategy outlined throughout this plan communicates with consumers on a more intimate, personal level. Its strength lies in our ability to connect with those people who do not have the true sense of the hotel. At the same time, this sense of experience also provides a reminder to those who repeatedly benefit from it.

The Sales and Marketing team will be committed to producing positive fiscal results. Through the development and implementation of hotel sales and marketing programs optimal results will be achieved. Aggressive and targeted marketing will raise the average room rate/occupancy and increase revenue in other departments of the hotel with each passing month, growing closer to the hotel/company goals.

Long-term success in hotel marketing in the next two decades will involve more reliance on external data-gathering sources than internal ones in order to get leads on new sources of business. By turning data into usable information and then converting that information into intelligent sales and marketing decisions, this will enable the hotel to expand its markets, reduce costs and increase profits.<sup>12</sup> Direct marketing is the key to success. A hotel that fails to adopt new technologies, in the form of upgraded amenities, may risk falling too far behind the technology curve and will ultimately have a product that is inferior to the competition and more expensive to operate. We need to assemble and implement data driven programs

along with an aggressive sales effort that will gain market share and build long lasting relationships with our guest and suppliers. With the utilization of data base and email strategies, the development of on-target media campaign execution, effective hotel sales and marketing programs and the design of supportive operational procedures, we can begin our journey to becoming and remaining one of the premier places to stay. And, there is no question that those who constantly upgrade their properties with popular amenities and enhance their management systems with new features will be able to maintain a competitive advantage.

The information contained in the Sales and Marketing plan is intended to induce trial from new guests, and increase revenue at the hotel. Additionally it will increase the average number of stays from our core customers. The hotel will then be identifying and marketing to our most valued guests. Finally, although space limitations forbid more to be said, today's hotels are owned by insurance companies, business enterprises, or by groups of individuals who have invested in hospitality real estate for purpose of their own. The requirement of the marketing professionals in the hotel industry will increasingly focus on how profits are made rather than on how revenues are generated, for they will need to be prepared to generate satisfactory returns to the hotel owners. As they succeed in the benefiting their companies, they will build outstanding careers for themselves.

## Notes

- <sup>1</sup> Howard, P. J. Former (1985) Chairman of the Board, The Sheraton Corporation suggest that “ Assuring our customers of that quality experience means providing a warm welcome; clean, comfortable, and convenient facilities; fine cuisine and courteous service. It involves the cooperation of a unified staff, working at every position in the hotel. This is a hotel true marketing strength, and it has been very successful for Sheraton.” “Marketing” (pp. 3) Michigan : Education Institute of the American Hotel & Motel Association.
- <sup>2</sup> Notes by Christopher W.L. Hart/David A. Troy (1985), “Marketing” (pp.219) Michigan : Education Institute of the American Hotel & Motel Association.
- <sup>3</sup> Anderson, D. (1996), Senior Instructor and Director of the Bachelor of Commerce Program in Tourism and Hospitality Management in the Faculty of Management at the University of Calgary, Canada.
- <sup>4</sup> It will be clear from these examples refer by Crystler, J. lecturer of School of Hotel, Restaurant and Institutional Management that “...Situation analysis is the foundation of any good marketing effort. It is the determination, through systematic research, of a property's current market position and projected opportunities for promotion. In order to properly plan, you first need to know as much as possible about the business, the marketplace, and the environment in which the business operates.” in the “Situation Analysis Workbook”(1983) (pp.1) Washington, D.C. and the Educational Institute of the American Hotel & Motel Association(1983), pp 122.

- <sup>5</sup> Drucker, P.F. (1954) was one of the earliest management writers to define the purpose of a business as that of satisfying consumer needs. His statements on this purpose as well as those on the entrepreneurial functions have been widely quoted. "It is the customer who determines what a business is. For it is the customer, and he alone, who through being willing to pay for a good or for a service, converts economic resources into wealth, things into goods. What the business thinks it produces is not of first importance-especially not to the future of the business and to its success. What the customer thinks he is buying, what he considers "value," is decisive-it determines what a business is, what it produces and whether it will prosper." Drucker, P.F. (1954), from *The practice of Management*, (pp.37-41) Harper & Row Publishers, Inc., New York.
- <sup>6</sup> Drucker, P.F. notes that it is often necessary to step outside a business in order to get inside the heart of the operation: "I do not believe that one can manage business by reports. One must spend a great deal of time outside, where the results are. Inside a business one only has costs. One looks at markets, at customers, at society, and at knowledge, all of which are outside the business, to see what is really happening. This, reports will never tell you." Drucker, P.F. (1977), *Technology, Management, and Society*. (pp. 95-96) Harper Colophone, New York.
- <sup>7</sup> Lewis. R.C. Professor of Marketing, University of Massachusetts comments that "Descriptive data can identify consumers and classify them into market segments, but it does not make known their preferences and perceptions. Descriptive data can be a valuable management tool; however, it does not tell how consumers will behave." *Marketing* (pp.123) Michigan : Education Institute of the American Hotel & Motel Association (1985).
- <sup>8</sup> "The difference is mostly in facilities and amenities. There shouldn't be a difference in the idea of providing service, and the basics, like smooth operation of the front desk and good housekeeping, are the same across all levels." Withiam, G. (November,1985), *Hotel Companies Aim for Multiple Markets*, (pp. 46) *The Cornell Hotel & Restaurant Administration Quarterly*.
- <sup>9</sup> For example, Leven, M. Former Executive Vice President of Americana Hotels, states : "Advertising is planned by the advertising agency as an outgrowth of the marketing planning meeting. After the plan is submitted, those of us with fiscal responsibility review the plan to determine the amount of money we are able to spend within the budget limitations." *Marketing* (pp.164) Michigan : Education Institute of the American Hotel & Motel Association (1985).
- <sup>10</sup> According to Fleschner A. Publisher of *Travel Weekly*, "Hotel advertising today is becoming more and more market-sensitive and reflective of the type of hotel that it represents. The audience focus of hospitality advertising today is a far cry from what it was a few years ago. Advertising to the travel trade, for instance, indicates the change in attitude on the part of hoteliers to treat agencies as an extension of their sales arms rather

than as interlopers in the booking process.” Marketing (pp.164) Michigan : Education Institute of the American Hotel & Motel Association (1985).

- <sup>11</sup> “ Since advertising is an investment in the future of the hotel, its budget should be planned like any other investment. Managers must ask themselves, ” What is the potential return if we increase our stake ? “ In producing the advertising budget for a hotel, each market segment included in the occupancy and business mix of the hotel needs to be considered. Management may ultimately decide to advertise only to some of these segments, but the question of advertising to each of them should first be reviewed for potential return.” Marketing (pp.172) Michigan : Education Institute of the American Hotel & Motel Association (1985).
- <sup>12</sup> “One thing is the degree to which automation and computerization will be used in marketing. There will be more and more opportunities for retrieval of hard data and for processing that data in a way that allows for sound marketing and management decisions. We will be able to tell at the punch of a button or two whether a prospective piece of business will be profitable or not or whether a booking a sales person has made meets the financial needs of the hotel and, if not, why not. This will be eliminate the guesswork and allow for fine-tuning of room rates, food prices, and the other variables offered to the customer. . . .” This comment was made by Bill Newman, Senior Vice President-Marketing of Westin Hotels during an interview with Education Institute of the American Hotel & Motel Association (1985).

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