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## STIMULUS MARKETING IN A DISTRESSED ECONOMY

**While our industry has seen tough times before, I can't remember a time when conditions were dire as they are today.** TAT

no other time in our industry's history has it been as important to become dedicated to and focused on your marketing efforts. Such dedication and focus can be the means to survival during this unprecedented free fall of the financial, institutional and real estate markets.

One of the biggest problems and an unanticipated consequence of recent good times is complacency. Our sales and marketing people have been spoiled by a relatively long run with a good economy, and occupancy, average rates and, most importantly, RevPAR at all-time highs. Brands were flourishing to the point that

resorts to meet debt service is increasing at exponential levels. As with all segments of commercial real estate, the snowball that started with sub-prime lending in the residential housing market continues to grow and to roll downhill.

Unlike other segments of the commercial real estate market, hotels have to some extent the ability to manage expenses to offset the reduction of revenues. But it's not enough. Before offering an underperforming or distress property for sale, as a courtesy to the owner and to make immediate changes with immediate results, we conduct a SWAT (Special Workshop Analysis & Tactics) blitz. Generating extra cash at the bottom line translates to added value. An all-out effort at curb appeal can make a potential buyer take a second look.

In order to survive in this distressed market, it's imperative that one revisits the sales and marketing disciplines and develops your own stimulus plan for maximizing your property's potential. Sales and marketing

“ IN THESE TIMES OF PERILOUSLY DEPRESSED CONDITIONS, OUR GREATEST ENEMY IS MARKETING COMPLACENCY. ”

less than a year ago, I wrote about 33-plus new brands entering the market. The foundation of a property's marketing effort would be to rely on the brand and electronic distribution centers to deliver, and for group business to return or expand.

The most important person in the marketing department was the revenue manager who could control the yield of the demand for the hotel or resort. The key to our sales effort was to upsell because business was good. Consumer demand was such that they demanded more and we delivered—with new spas and water themes, green hotels, casinos, condo hotels and more.

That has all changed in the span of a few short months. Group bookings are down; occupancies are down; the government is discouraging corporate travel directly and, via the AIG effect, indirectly. In general, we're facing declines of gut-wrenching proportion, even greater in percentage than either of the modern-day crises—the 1992 recession and the period following 9/11. Consequently, the inability for hotels, motels and

staff are not battle-hardened; many haven't experienced normal cyclical downturns, much less the down-and-dirty competitive environment we find ourselves in today. And by all accounts, it will get worse before it gets better. To succeed in distress market conditions, you've got to fight for business.

**Start by putting together your marketing team.** It should include the general manager; who is the COO of the property; the front desk manager; reservations; and the entire sales and marketing staff. The most important aspect of this initiative is that everyone involved be a part of the process and that they fully buy into the stimulus business plan. Appoint a team leader and give great thought to that selection. The leader must have the seniority and personality to control the group and keep everyone on task.

**You may consider outsourcing a consultant** who will bring an outside perspective, neutralize any dominance in the group and who has the ability to extract better participation and sidestep any in-house

politics. This is the ideal time to create a new culture, an environment and mentality that will get you through the tough times and lays the groundwork for stellar performance and investment return when the crisis period is over.

**It's time to revisit what your hotel is and how it should be positioned in the marketplace.** Things are shifting. Re-evaluate the strengths and weaknesses of every aspect of your hotel and be brutally honest. Start with the physical plant: lobby, function space, restaurants, guest rooms, pool area, curb appeal, signage, etc. Evaluate your location and not just the proximity to local business or theme parks. Start with the market as a destination and work down to local business sources. Discuss what changes are occurring in your marketplace.

**Evaluate your services, including reservations, front desk, food & beverage, concierge, roomservice and more.** Include an assessment of your rates—all of them: transient, group, package, and special events. Read reviews from guest comment cards, QA scores, from TripAdvisor and any other available sources.

Once you have a thorough and honest understanding of your property, it's time to evaluate your competition. Identify up to five competitors and conduct the same analysis of their strengths and weaknesses: physical plant, location characteristics, services and rate structure. Shop your competition, make reservations and go online. Keep in mind if you're marketing a specialty property, your main competition may not be in your immediate geographic area but rather in other market destinations.

**Once completed, rank each property, including your own, on a simple scale.** Based on the strengths and weaknesses of your property versus those of the competition, determine where you should be positioned among your comp set. Analyze how you are positioning the property, as it is a litmus test for where your rate structure should be. More than likely, you'll learn something new about what you're doing right and more importantly, what you're doing wrong relative to your published and quoted rates as well as your sales approach from the front desk to group sales, as well as policies for special events, as well as other aspects of your rate structure, in this much more highly competitive environment.

**Market segmentation.** Identify each of your

market segments: transient and group, corporate, association, SMERF. Prioritize each relative to its contribution to your property's business. Within each segment, determine what's working, what's not and what new strategies and tactics you can employ to improve your effort. By market segment, look at every marketing discipline, including rate strategies, direct sales, direct mail, electronic marketing, advertising, trade shows and public relations. One key to success is to coordinate each discipline such that they work cohesively to reinforce each other, providing a greater impact to the market.

**Develop a detailed action plan.** Determine who will be responsible to do what and when. Identify the key accounts that mean the difference between success and failure for your property and develop value-added programs to retain and even increase the yield of those accounts and assign responsibility. Remember it is easier to retain business than to generate new business.

**As the plan is developed, establish goals for room nights, average rates, revenues and RevPAR for each segment.** Once complete, begin the process of execution and monitoring. In this highly competitive market, I recommend you revisit and evaluate the stimulus plan every two months. It may mean you make changes or pursue new opportunities—whatever it takes. Remember to re-shop your property and those of your competition frequently.

**Upon completion, conduct a full-complement staff meeting.** Make sure every staff member understands what our industry is facing and that they know the commitment you're making to survive in the current climate. Share the plan and recruit participation; describe the role and importance of each staff position; solicit suggestions and ask for individual commitment to its goals and proactive participation in attaining them. Be clear that this is an all-or-none proposition; the property succeeds or it fails; doors can close very quickly when the competition outperforms you. There is no more float on the tide of good times and assured occupancy. Individual commitment to the goals is the best way to insure a guest experience that brings people back.

In these times of perilously depressed conditions, our greatest enemy is marketing complacency. Get back to the basics: Implementation of a well-conceived plan by a motivated staff has always been the formula for success in our industry, regardless of the economy.