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Chapter 9

# Communicating the offer

## Chapter Objectives

After working through this chapter, you should be able to:

- Understand the primary role of marketing communication in communicating the hospitality offer
- Explain the marketing communication process
- Evaluate each of the elements of the hospitality communication mix
- Understand how to plan a marketing communication campaign.

## Introduction

In the marketing mix, communicating the offer is variously known as promotion, the promotion(al) mix, communication, the communication mix or marketing communication (which is sometimes abbreviated to Marcom). The public knows it as advertising and selling. We mentioned in Chapter 1 that there is much more to marketing than simply advertising and selling. By now you should be aware of the importance of each of the other elements of the marketing mix, and that effective marketing is dependent upon marketing research, segmenting markets, understanding customers, designing hospitality products at the right price for appropriate target markets, finding the most suitable location(s), and using the distribution network to reach target markets.

Providing the pre-encounter marketing mix has been designed to provide an attractive offer, then communicating that offer should raise awareness, influence expectations and ultimately increase sales and profits. However, sometimes companies think that marketing communication campaigns can compensate for deficiencies in other elements of the marketing mix. If the offer does not satisfy customers, then investing in marketing communications is a waste of resources, which can lead to serious problems with unhappy customers, and negative word of mouth.

Companies used to consider promotion as a tool to communicate with customers, but today they realize that communication with customers should be a two-way dialogue. Companies are interested in feedback from customers, and modern marketing communication strategies recognize this. For example, companies can use contact centers and websites to interact with customers. We will now discuss the role of marketing communication and review the different elements of the marketing communication mix.

## The role of marketing communication

The end goal of most marketing communications is to influence demand and generate sales. To influence demand and generate sales successfully, Marcom needs to raise the target audience's awareness of the hospitality brand and help form their expectations of the hospitality experience. Marcom's end goal can be achieved in different ways, depending upon the characteristics of the target audience and their knowledge of hospitality companies' brands and products. There are three main communication strategies – to inform, to persuade, and to build relationships with target audiences.

### Inform communication strategies

Companies need to ensure that potential customers are aware of their marketing offer. This is partly about building brand awareness and partly about developing product knowledge – both of these help the prospective customer to form expectations. Brand awareness for the major hospitality brands is continually researched in company marketing research and omnibus surveys. For companies with low brand

awareness, a typical marketing communication objective is to raise brand awareness so that more potential customers actually recognize and learn the brand name. Companies also need to ensure that target audiences understand what the marketing offer represents. Companies who have successfully communicated their marketing offer to target audiences develop stronger reputations. A company with a weaker reputation has not conveyed an appropriate message in the marketing communication activities; however, trying to change consumers' beliefs about, and attitudes towards, a brand is a very complex task, particularly when these beliefs and attitudes are deeply held.

## Persuade communication strategies

Consumers who are brand aware and have a favorable perception of the brand still need to be persuaded to buy the company's hospitality product. We have already discussed how consumers have choice, and that there are many types of different competitors competing for consumers' disposable income. Hospitality marketers therefore need to persuade target audiences to buy their product instead of the competitors' offer. Marketers stimulate buyer behavior by offering attractive inducements and incentives to book now rather than later – or never at all.

## Relationship communication strategies

We mentioned in the introduction that, increasingly, hospitality companies want to build long-term relationships with target audiences. Generating repeat and referral sales is crucial in most hospitality markets. Major hospitality companies use computerized databases, which hold relevant customer information (including membership details of loyalty clubs), to communicate with customers. When this is linked to automated marketing processes, for example within a customer relationship management software suite, this is known as *campaign management*. Smaller hotel companies compile mailing lists of their customers to send out mail shots. Both approaches can be effective in building closer relationships with customers.

Throughout this discussion, we have been using the expression 'target audience'. The starting point for any communications activity is to establish who the target audience is. In hospitality, the target audience might be end users, intermediaries, or key people in the decision-making unit. Each of these different target audiences has different characteristics, and therefore different types of communication activities need to be used to communicate effectively with each audience. By stimulating demand and creating consumer awareness, marketing communications is also establishing customer expectations. This creates a dilemma in the planning of marketing communication campaigns. Companies' marketing communication activity must attract the target audiences' attention, stimulate interest and, most importantly, persuade them to buy, without over-promising what can really be delivered. Unfortunately, because of competitive pressures some hospitality marketing communication campaigns exaggerate the quality of the promised service and raise customers' expectations beyond what can be delivered. Customers who book in good faith, believing the promise, end up being disappointed when they actually experience the hospitality service. Many ordinary restaurants make exaggerated claims about the quality of their cooking, which then disappoints discerning customers.

# The marketing communication process

Typical communication tasks in hospitality include:

- Raising awareness about the launch of a new product
- Promoting a low season price offer
- Creating publicity as part of a repositioning campaign
- Sending out a newsletter to regular customers.

Ultimately, the goal of most Marcom is to persuade target markets to purchase the hospitality product. However, this goal is not as simple as it sounds, because consumers in modern societies are bombarded with thousands of competing messages from hundreds of different organizations every day. We call this interference 'noise', and noise disrupts a company's communication with potential customers. Figure 9.1 provides a simple model of the communication process. The model comprises a sender, a target audience (or receiver), noise in the communication environment, message, medium and feedback process.

- The *sender* is the hospitality organization that wants to communicate with target audiences.
- The *target audience* (receiver) consists of the end users, influencers, decision-makers, gatekeepers, or intermediaries. The target audience must be precisely defined to ensure that the marketing communication campaign reaches the right people cost-effectively.

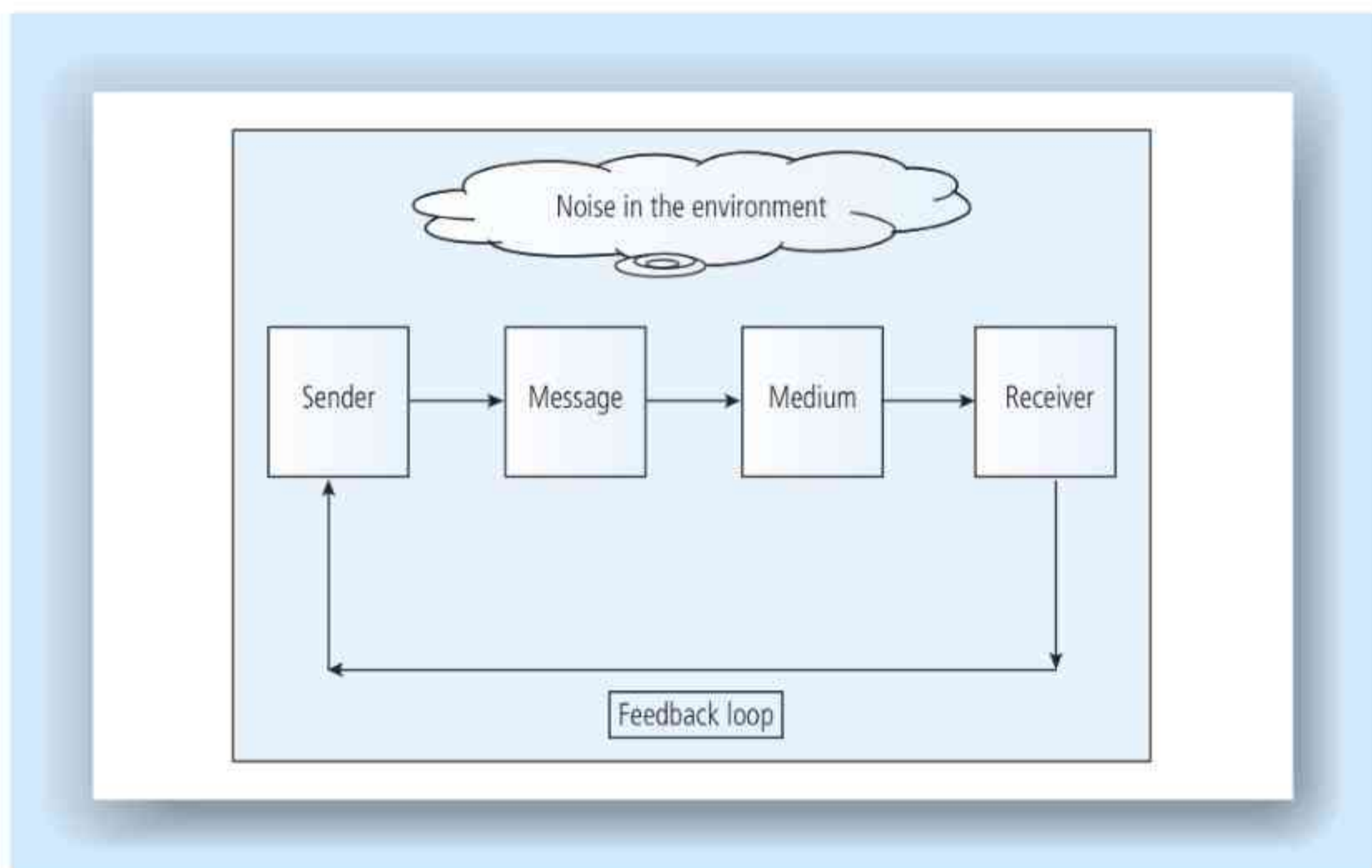


Figure 9.1 The communication process

- *Noise* comprises all the communications from other sources, including both people and organizations, which compete for the target audience's attention and interfere with the sender's message.
- The *message* is the content that the sender wants to communicate to the target audience.
- The *media* are the various communication tools that senders can use to communicate with target audiences. Media include personal communication (such as sales visits) and non-personal communication (printing brochures, placing adverts in newspapers, and public relations activity).
- *Feedback* from the audience tells the sender whether the communication objectives have been achieved.

A crucial stage in the communication process is to develop an effective message to communicate the marketing offer. Some marketers use a framework called AIDA to ensure that the message and media choices lead to an effective outcome. AIDA stands for:

- Attention – the message should grab the target audience's attention
- Interest – the message should arouse the target audience's interest
- Desire – the message should stimulate desire so that the target audience wants to experience the product
- Action – the message should encourage the target audience actually to buy the product now.

Different communication tools may be needed at each stage of AIDA – for example, advertising can stimulate attention and sales promotions can generate action. Before constructing messages and choosing communication media, marketers need to be clear about their communication objectives. Generally these can be split into three categories. Communicators want their targeted receivers to learn, feel or do something. Examples include:

- Learn: raise awareness of a new product launch; recall the brand name; recognize the company logo
- Feel: develop a positive attitude to the company; prefer the brand to competitors
- Do: telephone the contact center; ask for a brochure; make a booking; pay in advance.

Messages need to be constructed so that they achieve the specified communication objectives. In devising the message, marketers have to decide what to say (message content) and how to say it (message format).

## Message content

The message content depends first upon the objectives of the campaign and then on the characteristics of the target audience and their knowledge and understanding of the hospitality product. A campaign for a new brand will most likely stress information that builds awareness and influences expectations – for example, the brand name, location and a description of the customer experience. For an established brand aiming to fill rooms in the low season, the focus will be on price and availability. Audiences who are already aware ('Attention' in the

AIDA model) are at an advanced stage of readiness to buy. Message content for them can be more attuned to interest, desire and action outcomes. Different members of the decision-making unit may be at different AIDA stages, and therefore need different messages.

The marketer then needs to decide what type of appeal to use in the message – rational, emotional or moral.

- *Rational messages* appeal to the target audience's practical mindset. This approach is effective in markets where the end user has a set of tangible requirements. A rational message can provide the factual answers, which reassures the audience. 'Just 50 meters from the beach' and 'Close to the airport, but quiet' reassure leisure and corporate markets.
- *Emotional messages* are explicitly designed to arouse consumers' passions, interests and activity. This approach is effective in dining out and leisure markets. Appeals to book a table for two in a restaurant on Valentine's Day, or to take a relaxing weekend leisure break, are popular examples of emotional messages in hospitality. Restaurants that promote non-genetically modified or organic food appeal to consumers' core emotive values.
- *Moral messages* are linked to consumers' belief and value systems. There are a number of religious organizations that arrange holidays for members of their faith, and some faiths have even bought their own hotels to cater for their members. These organizations, which provide dedicated facilities for their fellow believers, still need to carry out marketing communication activities, and their moral message is essentially a spiritual one.

### Message format

Messages are communicated using one or more of our five senses – sight, sound, smell, taste and touch. Message format depends upon the choice of communication channels, and refers to the actual design of the advertisements, brochure, public relations activity, and/or sales visits. Examples include the layout, copy and illustrations in an advertisement or brochure; the gimmick and storyline to create interest in a public relations campaign; food samples from the restaurant; and the design of the hotel's conference laptop presentation. Attention to detail in designing the appropriate message format is time-consuming, relatively expensive, and crucial.

#### Activity 9.1

Review the advertisements for hotels and restaurants in one local newspaper, one national newspaper and one magazine.

- Who is the target audience for these adverts?
- How emotional and how factual are the adverts?
- Is there a difference between adverts placed by well-known brands and by independent operators?

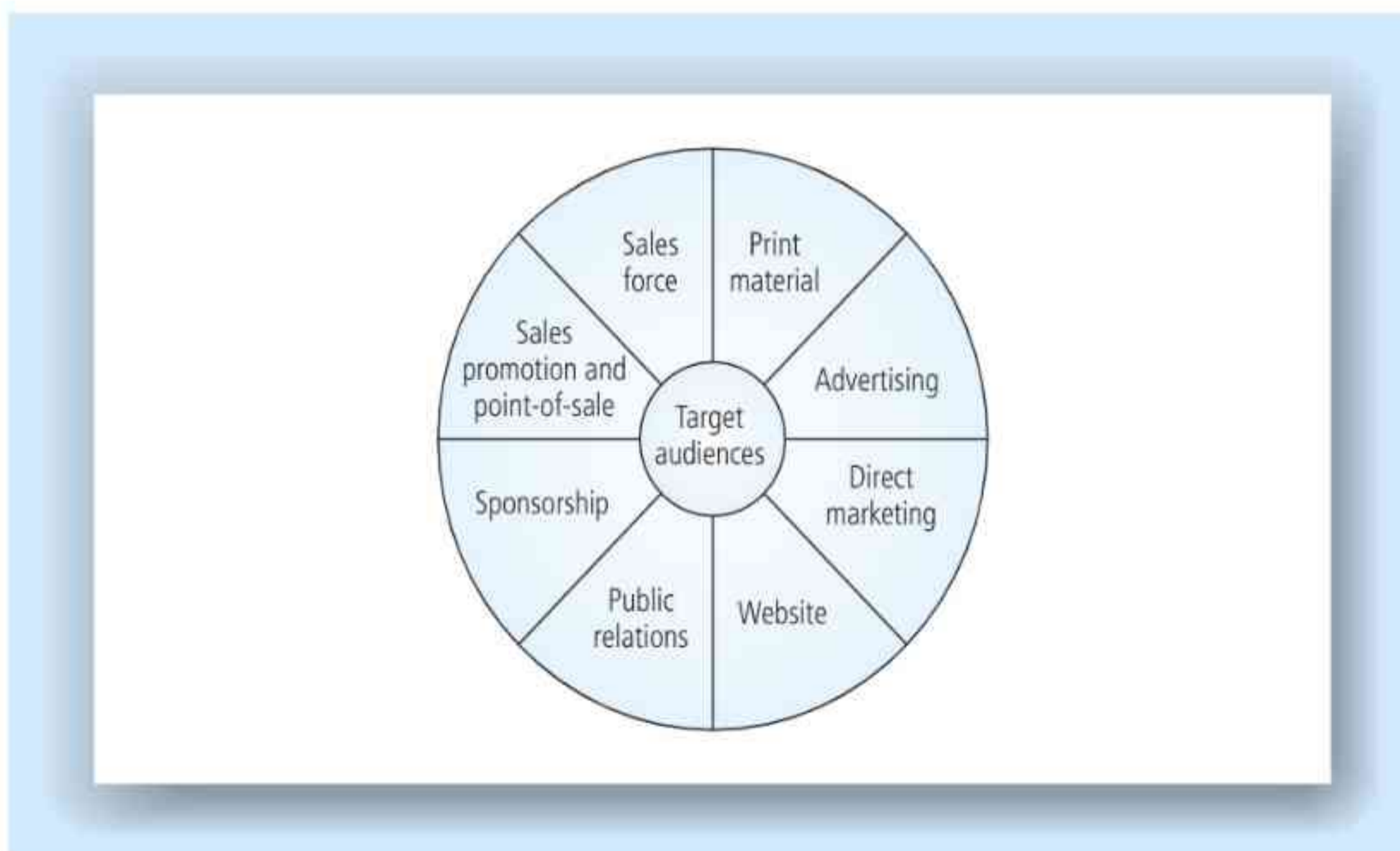
## Communication channels

There are two main classes of communication channels; personal and non-personal. Personal communication refers to people who are directly talking to each other, face-to-face in a meeting, or on the telephone, or via video-conferencing. It can also include personal correspondence by mail, fax or email. The advantages of personal communication are primarily the 'personal contact' that such communication allows. By directly talking with customers and influencers the hospitality organization creates the opportunity for a dialogue, so that the customer can ask questions about the hospitality company's brands and products. The customer is also able to give feedback on the company's performance.

Non-personal communication channels refer to mediated and publicity events, and include all print, broadcast and display tools. The main differences between using personal communication and mass media/publicity channels is that the latter do not provide a personalized message, and so they are not guaranteed to capture the attention and respond to the specific concerns of the target audience. The design and production of mediated communications requires support from specialist suppliers like design companies, advertising agencies, print companies and public relations agencies. These agencies develop expertise in visual imagery, copywriting, photography, radio and television advertising, and nurture useful contacts in the media for publicity purposes. They provide important advice and a professional service in delivering a marketing communication campaign.

### The hospitality communications mix

Figure 9.2 presents the key communication tools used by hospitality companies, and each of these marketing communication tools is discussed here in detail. In small



**Figure 9.2** The hospitality communication mix

hospitality businesses, the owner/manager will typically be very involved with the planning and implementation of all marketing communication activity. The owner's control over these activities should ensure that the promotional campaigns are coordinated and integrated. This is important, to ensure that a consistent message is always communicated to the target audience. In this sense, smaller hospitality companies do have an advantage over their larger rivals.

### Integrated marketing communications (IMC)

The global hospitality giants, like McDonald's, Burger King, Accor, Hilton, Marriott and ICHG, invest billions of dollars, pounds, euros and yen in promoting their products and brands to millions of customers in different target audiences around the world. This creates enormous marketing communication and organizational difficulties.

Cultural differences and regulation in different countries are the major barriers to effective marketing communication. First, there is the issue of language. Some languages need more copy space than other languages – for example, written French and Italian need up to 25 percent more space than written English, whilst written German and Scandinavian languages need up to 30 percent more. This creates different page layout requirements from a visual design perspective. When translating the meaning of a phrase from one language to another, for example an advertising message, it is very difficult to convey an accurate interpretation, especially if humor is involved. Humor often involves a play on words, which does not have the same meaning in a second language. Secondly, there is the issue of cultural symbolism, where different colors and different traditions mean that consumers have different interpretations of the same communication. Finally, there is the problem of different governmental approaches to regulating marketing communication activity. Even a relatively simple pan-European sales promotional campaign targeting families with children can be difficult to implement because of the different national government restrictions on promotions to young people (see Table 9.1).

Major hospitality organizations employ their own marketing specialists working in sales, sales promotion, public relations and advertising in their national, regional and international offices. They also have to work with external advertising, public relations and design agencies in several countries. With so many marketing communication specialists working on a range of campaigns, but all involved in delivering the global company's branded message, it is easy to see how it is difficult to maintain a consistent message. The concept of integrated marketing communications is the response to this confused approach to organizing the international marketing communication function. Major international advertising agencies like Saatchi & Saatchi acquired other specialist agencies in the fields of public relations and self-promotion, in capital cities all around the world. Their aim was to create a global one-stop shop for all the marketing communication activities a global client needs, and provide an integrated service for international campaigns.

Whether a hospitality corporation uses a global one-stop shop or continues to use specialist agencies and their own in-house marketing specialists, the important point is that effective international marketing communication campaigns need to be coordinated across all countries, and all elements of the marketing communication mix, to provide a consistent branded message to the target audiences. The recent development of Internet technology has enabled the hospitality chains to develop intranet solutions to the problem of delivering brand-consistent Marcom collateral

Table 9.1 The Legality of Sales Promotion in Europe (Source: Yeshin, 1998)

	UK	Irish Republic	Spain	Germany	France	Denmark	Belgium	Netherlands	Portugal	Italy	Greece	Luxembourg	Austria	Finland	Norway	Sweden	Switzerland	Russia	Hungary	Czech Republic
On-pack price reductions	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C	Y	Y	Y	Y	Y
Banded offers	Y	Y	Y	C	Y	N	Y	Y	Y	Y	Y	N	C	C	C	C	N	Y	Y	Y
In-pack premiums	Y	Y	Y	C	C	Y	Y	C	Y	Y	Y	N	C	Y	N	C	N	Y	Y	Y
Multiple purchase offers	Y	Y	Y	C	Y	C	Y	Y	Y	Y	Y	N	C	C	Y	C	N	C	Y	Y
Extra product	Y	Y	Y	C	Y	Y	C	C	Y	Y	Y	Y	C	Y	C	C	C	Y	Y	Y
Free product	Y	Y	Y	Y	Y	Y	C	Y	Y	Y	Y	Y	C	Y	Y	Y	Y	Y	Y	Y
Re-usable pack	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C	Y	Y	Y	Y	Y	Y	Y
Free mail-ins	Y	Y	Y	N	Y	C	Y	Y	Y	Y	Y	C	N	Y	Y	N	N	Y	Y	Y
With-purchase premiums	Y	Y	Y	C	Y	C	Y	C	Y	Y	Y	N	C	Y	C	C	N	Y	Y	Y
Cross-product offers	Y	Y	Y	C	Y	C	N	C	Y	Y	Y	N	C	C	N	C	N	Y	Y	Y
Collector devices	Y	Y	Y	C	C	C	C	C	Y	Y	Y	N	N	C	N	N	N	Y	Y	Y
Competitions	Y	Y	Y	C	C	C	Y	C	Y	Y	Y	C	C	Y	C	Y	Y	Y	Y	Y
Self-liquidating premiums	Y	Y	Y	Y	Y	Y	Y	C	Y	Y	Y	N	Y	Y	Y	Y	N	Y	Y	Y
Free draws	Y	Y	Y	N	Y	N	N	N	Y	Y	Y	N	N	Y	N	N	N	Y	C	Y
Share-outs	Y	Y	Y	N	C	N	N	N	Y	C	Y	N	N	C	C	N	N	Y	Y	Y
Sweepstake/lottery	C	C	C	C	C	N	C	C	C	C	C	N	C	Y	N	N	N	Y	C	C
Money-off vouchers	Y	Y	Y	N	Y	C	Y	Y	Y	C	Y	C	C	C	N	C	N	Y	Y	Y
Money off next purchase	Y	Y	Y	N	Y	N	Y	Y	Y	C	Y	N	N	C	N	N	N	Y	Y	Y
Cash-backs	Y	Y	Y	C	Y	Y	Y	Y	Y	N	Y	N	C	C	C	Y	N	Y	Y	Y
In-store demos	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Y, permitted; N, not permitted; C, may be permitted with certain conditions.

across all the units in the company. The brand manual and brand standards are provided on the intranet in a digitalized format, with standardized layouts for adverts, print material and signage, a photographic library, and a history of successful marketing campaigns and press releases to help support marketing activity. Links are provided to external suppliers such as advertising agencies, designers and printers like Kall Kwik, which has local printing shops in many key locations. A unit planning to develop a Marcom campaign can access the intranet and customize the promotional material, inputting the menus, prices, dates and address/contact details on its PC. The artwork is sent on-line to the corporate head office for approval, which is much quicker than relying on snail-mail. Once approved, the artwork can then be sent to the commercial printers on-line. This use of technology is cost-effective, and allows the corporate head office much greater control in delivering consistent brand standards in Marcom materials.

### Print material

Hospitality units need a wide range of print material, which is also described as collateral. The Hospitality Marketing Association carried out research into the marketing practice of major British hotel brands, and found that significantly more of the marketing budget is currently spent on producing print material such as brochures and leaflets than on any other form of marketing communication activity. Print material for individual hospitality units includes:

- Stationery
- Hotel brochures, tariff and price lists
- Restaurant menus and wine lists
- Conference brochures
- Wedding brochures
- Function menus
- Promotional material for the sales team
- In-room information (hotel facilities and in room service menus)
- Special product brochures (for example, murder mystery weekends)
- Special price promotional flyers
- Newsletters.

Print material produced for branded chains includes:

- Corporate directory listing all branded hotels in the country, region or world
- Corporate leisure breaks brochure
- Corporate conference brochure
- Group business brochure targeting tour operators
- Corporate sales team promotional material
- Corporate newsletters
- Loyalty club leaflets, application forms and newsletters
- Special promotions.

Printed material combines a number of roles, including projecting the brand image, providing information, and supporting other elements of the marketing communication mix. We will now explore each of these roles in more detail.

## Projecting the brand image

The quality and design of printed material communicates impressions to target audiences. The use of color, photographs and graphics, the style of copywriting, and the quality of paper all influence consumers' perception of the hospitality brand.

## Providing information

Different types of print material provide different types of information and have different lengths of shelf life. Shelf life is the period of time for which the collateral material performs its communicative function. The design and production costs of a new full-color brochure will be relatively high and, with reprints, will be expected to have a shelf life of many years. A leaflet promoting a single restaurant event for dinner on Valentine's Day night this year will have a finite shelf life of a few months, and be relatively cheap to produce. Only general information should be provided in the long-life pieces of print, whilst price details, which can change more frequently, need to be produced separately.

Specialist collateral needs to provide all the essential information a customer wants to know. For example, the conference organizer needs:

- Accurate location maps
- Information regarding the availability of car parking
- Conference/meeting room layout details, including the number of delegates who can be accommodated in boardroom, horseshoe and theatre-style layout; the width, length and height of meeting rooms; the location of light fittings and power points
- Information regarding ventilation and air-conditioning facilities
- Details of the number of bedrooms and bedroom types available
- Menus
- 24-hour delegate rates.

## Linking print material with other elements of the marketing communication mix

Print material is used to support a number of other marketing communication activities. The hotel or corporate sales team need print material when they are discussing potential client needs in sales visits away from the hotel premises. Although the major companies have computerized presentations available on CD-ROMs and via the Internet, many clients still want to be provided with print collateral to look at when the sales person has left the meeting. There should be a mutual relationship between print material and hospitality websites. Collateral can promote the website address and direct information seekers to the site, whilst the brochure can be downloaded from the website.

Advertisements in local and national print media are often restricted in space terms, and are mainly used to stimulate consumer interest and encourage a telephone call for further information or a visit to the website. The brochure, tariff and accompanying sales letter are designed to convert the inquiry into the booking. Another use of print material is in direct mail campaigns, often to members of the loyalty club and/or guests who have stayed before. The letter, newsletter and special promotion mailing are all pieces of print material that form the core of direct mail activity.

### Future developments in print material

Unfortunately, recipients throw a large number of brochures and leaflets away. There is also the problem for companies of the disposal of boxes of dated print material, as removal can be expensive in terms of freight haulage costs. The combined environmental costs in terms of destroyed trees and waste disposal are significant. The wastage and high costs of producing quality hospitality brochures, coupled with inaccurate target marketing, means that companies are always searching for more cost-effective solutions. Whilst the Internet revolution is clearly changing marketing communication techniques, the prediction that promotion via the Internet will completely take over from print material is premature for all but a small number of independent operators.

### Sales force (personal selling)

Personal selling uses direct communication techniques to present information about the hospitality company to target markets. Although personal selling includes correspondence and telesales, the main focus in hospitality is face-to-face contact with potential clients by the sales force. Employing a sales person is very expensive, with major costs including salary, commission and bonuses; travel and accommodation costs; professional presentation equipment; laptop computers with intranet access to demonstrate the company's products, locations and prices; CD-ROMs to leave with the client after the presentation; and administrative support. Indeed, personal selling is the most expensive marketing communication activity available to hospitality companies, and for this reason most small hospitality companies do not employ sales people. However, the owner/manager can adopt the sales role and go out and actively promote the company to prospective clients.

From a customer's perspective, low-risk and low involvement hospitality products do not really need a detailed personalized explanation via a face-to-face meeting. Budget hotels are simple product purchases, and budget brands do not need to employ a sales force. However, more complicated hospitality products – for example, major conference bookings from key corporate accounts, and intermediaries who can produce volume bookings – require more detailed discussions in face-to-face meetings. Prospective clients, who are often knowledgeable about the hospitality industry and are aware of the value of their booking, expect a sales person to pitch for their business; and because of the high sales value, the competition will almost certainly want to talk to prospective clients as well. Face-to-face selling is appropriate when:

- The product is complex or risky and needs detailed explanation
- The product specification can be adapted to suit the needs of the client
- The potential value of the sale is relatively high
- The price is negotiable
- The prospective clients, or intermediaries, can influence or make the decision to book business
- The prospective clients expect a sales visit
- Competitors are likely to pitch for the business.

In larger hospitality companies, responsibility for unit sales can rest with either the corporate sales organization or the unit. In the latter case, proactive general managers

will join their hotel sales executives when meeting key accounts. Indeed, most medium and large hotels will employ at least one sales executive, unless this function is entirely managed by the head office.

### The corporate sales team

We have frequently mentioned that the hospitality industry is extremely competitive, and all the major hospitality organizations use personal selling as an important competitive tool in servicing clients. Important clients are called 'key accounts', and potential clients are called 'prospects'. Selling is a professional art. Effective sales executives follow systematic procedures when organizing sales visits. The sales process includes:

- *Prospecting*. This refers to the search for prospective customers. It includes searching for new leads from local organizations and local companies, and finding existing and lapsed customers from the hotel's database. Prospects need to be qualified, which means checking that the contact has the authority and budget to buy. Salespeople can also check that the prospect is a good fit with existing customer segments.
- *Sales calls*. Hotel sales executives will occasionally turn up at a prospect's office unannounced, hoping to arrange a meeting by chance. This tactic is called 'cold calling', and can occasionally be effective. However, the most effective sales approach is to pre-book an appointment by telephone or email. This ensures that both the prospect and the sales executive do not waste valuable time. Often a sales executive will have to meet a client several times and gradually build up a personal relationship before actually signing any business. Arranging sales meetings with existing clients is also an important function of the sales executive, in order to continue building a close relationship with the customer.

Occasionally a sales force will organize a 'sales blitz'. This is a coordinated sales campaign using a large number of sales executives who work together to saturate a target geographic area, combining cold calling, telesales, and pre-booked meetings with prospects and key accounts. Although a sales blitz is an effective tool, it requires a considerable amount of organization.

Finally, prospective customers who want to book business will often contact hotels directly and arrange to visit them. The hotel sales executives, the conference and banqueting manager or the duty manager will host the meeting, show the prospect the hotel's facilities, and explain the services available. These visits are key opportunities to impress potential customers.

Personal selling is an important part of the marketing communication mix. The salesperson represents the unit and the brand, and can be regarded as the human face of the company.

### Advertising

Advertising is any paid-for mass communication activity. Although advertising reaches a wide audience, the proportion of readers, listeners and viewers who are potential customers can be relatively small. For this reason, advertising is relatively expensive and it is notoriously difficult to measure its effectiveness. Although the advertiser does have control over the message content, message format and message source, there are legal, voluntary and social constraints that advertisers need to

recognize. Most countries have legal restrictions on advertising, ranging from tight censorship controls in countries like Saudi Arabia to voluntary agreements like the British Code of Advertising Practice. These regulations are designed to ensure that adverts do not mislead consumers with inaccurate or dishonest claims. Finally, advertisers need to recognize that inappropriate adverts that offend people's religious or cultural values can be extremely damaging to their product and company.

Most hospitality advertising is aimed at customer and business markets, but occasionally a major company will communicate with other audiences (such as financial and political stakeholders) by advertising in the mass media. When there is a contested takeover battle, both companies will invest in advertising to influence the outcome. The bitter acquisition in the UK of the Forte Group by Granada was accompanied by major advertising campaigns by both companies to try to influence shareholders.

The following media can be used for advertising campaigns:

- Newspapers
- Magazines
- Tourist board publications
- Broadcast media (radio, cinema and television, including teletext)
- Banners or pop-ups on search engines, directories and websites
- Billboards and posters
- Ambient media (buses, taxis, overground and underground trains, gas and petrol stations).

The decision as to which media are selected depends upon the campaign's marketing communication objectives and the available budget. We will now discuss the advantages and disadvantages of the main advertising media.

### Newspapers

Newspaper advertising varies in cost according to:

- Circulation and readership – the number of copies sold and the number of readers per copy
- Geographic coverage – local, regional, national
- Audience profile – social grade, income and lifestyle
- Size of advert – bigger adverts cost more; display adverts can use graphics such as line drawings or photographs, whilst classified advertising is copy only
- Location of advert – where an advert is actually placed in the newspaper (front page, back page and requests for a specific spot are more expensive)
- Timing – Sunday is one of the most popular days to read the newspapers, and so it is more expensive
- Number of adverts placed – a series of adverts booked at the same time can qualify for volume discounts.

The key point about newspaper advertising is the short shelf life. This means that yesterday's newspaper has old news; readers quickly throw out old newspapers and the adverts in them.

### Magazines

Magazines have similar cost variables to newspapers, with two important differences. First, whilst newspapers have a broad readership, magazines are often highly

specialist in their subject areas and attract discrete, distinct readership profiles – so country hotels targeting leisure break consumers can advertise in specialist bird, gardening and walking magazines. Secondly, magazines have a longer shelf life; this means they can continue to generate enquiries many months after the publication date. Magazines generally have higher quality paper and encourage full-page color adverts to emphasize lifestyle advertising (see Figure 9.3).

### **Tourist board publications**

Destination marketing organizations produce tourist board publications, which carry advertisements for and listings of accommodation, attractions, bars and restaurants, and events taking place in the area. Potential visitors to the area contact the destination marketing organization to request information, and are sent these brochures. For smaller accommodation businesses, for example a farmhouse with bed and breakfast, Tourist Board publications provide one of the most effective promotional tools.

### **Television**

Television reaches mass audiences, and is consequently the most expensive advertising medium. However, costs vary enormously depending upon the length of a television commercial (regular 'spots' can vary from ten seconds to one minute) and the time it is broadcast. The norm for a TVC (television commercial) is 30 seconds, though night owls have the opportunity to view 30-minute infomercials in the middle of the night when there is no other programming. A prime spot during the evening news or in the middle of one of the most popular national programs costs a significant sum of money, because these programs attract peak audiences. An advert running during the 'graveyard shift' in the middle of the night on a local television channel is much cheaper because the audiences are so much smaller. The impact of television advertising can be diminished because viewers channel hop or leave the room during the commercial break. Effective television advertising requires significant budgets to afford the slots and frequency to generate brand name or message recall. Television advertising is appropriate for mass marketing products, and for this reason the most significant hospitality advertisers on major television channels are the fast-food brands like McDonald's, Burger King, KFC and Wendy's.

The introduction of satellite television shopping channels has created new opportunities for companies to promote hospitality, travel and tourism products. Travel agents like Thomas Cook have developed their own dedicated interactive television channels, which promote package holidays, cruises and destinations that can be booked by viewers as they watch the programs.

Teletext advertising is a more controversial medium; its advocates believe teletext provides effective low-cost television advertising, whilst its critics suggest that the audience is small and the adverts have limited impact.

### **Cinema**

Cinema advertising has many similarities to TV advertising but is not as expensive. Generally cinemas attract a younger audience, typically aged between 18 and 30. The main hospitality advertisers on cinema are the fast-food chains and local restaurants.

### **Radio**

In recent years radio has become a more popular advertising medium because the target audiences have become much more tightly defined. Different stations have



## We go to great lengths to make children feel welcome at our hotels

(At the Thornton Hall Hotel, Wirral, you can even read them Aesop's fables on the way up to bed)

From the ground floor right up to the first floor, you can read the amazing Aesop's fables as you walk up the main staircase of the hotel.

Captured forever on the 24 wooden carvings are the moral tales of one of the world's most renowned storytellers.

This is just one of the many charming stories waiting to be discovered at any of the 350 Best Western hotels across the UK. Every hotel is individually owned and managed and offers its own unique way of welcoming guests, so you can enjoy a truly refreshing stay. The one aspect that all Best Western hotels do have in common is their shared commitment to offering you the highest levels of quality and service. So, if you'd like to enjoy a stay where you're guaranteed a happy ending, why not book yourself into a Best Western hotel?

350 hotels across the UK • enjoy a refreshingly different stay • to find out more call 0845 072 0700



Figure 9.3 Best Western magazine advert (source: Best Western Hotels)

clearly identified target audiences and formats such as Top 40, Classical Music, Talk, Sport, 60s to 80s music, and because of this programs hold the attention of the audience better than television. Radio advertising is not as expensive as television, and the cost of making radio commercials is considerably lower. Most stations offer simple advertising production facilities for advertisers.

## Sales promotion and point-of-sale

The primary role of sales promotion and point-of-sale material is to stimulate short-term or immediate sales. Virtually all hospitality organizations utilize these tools at new product launches (to attract trial purchase), during low and shoulder periods (to boost demand), or at obvious customer contact points (to promote in-house offers). Effective sales promotions are designed well in advance. However, on occasions, when there is a sudden collapse in demand, the marketing department needs to respond quickly with a sales promotion campaign. Sales promotions are often packaged into product/price bundles, which offer enhanced value for the customer. The design and pricing of a hospitality packaged sales promotion must be:

- Carefully targeted and conform with current marketing objectives – in particular, a sales promotion must be targeted at compatible target markets that will fit in with the existing customer mix
- Competitive, since competitors will probably have a similar demand pattern and will be planning their own sales promotion
- Properly costed – both the level of the discount and the promotional costs (print material, advertising and mailing) must be calculated during the planning stage of the campaign; bookings from sales promotions are generally stimulated by an attractive discounted price, but the price must cover the costs of the campaign
- Consistent with the current market position and brand image
- Creative! The promotion needs to grab the interest and imagination of the target audience and encourage potential customers to respond quickly, so creativity in designing and publicizing the offer is essential to ensure that the sales promotion stands out from competitors
- Of a fixed time period that is long enough for the target audience to learn about the promotion and have time to book the offer, but not so long that there is little urgency for the customer to book.

Sales promotions that become the principle long-term marketing communication activity eventually become ineffective. Sales promotions lose their vitality, and over a longer period of time repeated price discounting can damage the brand image.

There are a number of issues to consider when planning a sales promotion. First, the price of a sales promotion can be particularly complicated. If two restaurants in the same product class are competing and one restaurant has a sales promotion offering 'Two meals for the price of one' (the equivalent of a 50 percent discount), then the other restaurant cannot compete effectively with a 25 percent discount voucher. Secondly, sales promotions do not necessarily generate customer loyalty. Indeed, bargain hunting customers are unlikely to remain loyal, as they will always be looking to patronize competitors with similar or better sales promotions. Finally, the sales promotion should not be too attractive, because the company has to be able to satisfactorily service the increased demand generated by a creative promotion.

Examples of typical sales promotions include:

- Price discounts on accommodation, food, drink and leisure activities
- Added value promotions – bundling a range of hospitality products into a single price and package
- Discount vouchers and coupons.

Pauline and David Baldwin created Sheffield's most successful banqueting operation at Baldwin's Omega. In the summer season, a 'Salmon and strawberries' sales promotion is publicized in-house and sent out to party organizers to stimulate sales on quiet nights. The literature is designed to make it easy for organizers to book, and this cost-effective promotion has been working successfully for more than twenty years.

### Point-of-sale material

Hospitality businesses use a variety of point-of-sale material to promote in-house products. Examples of point-of-sale material include menus, leaflets, coupons and posters at the reception desk and in the lift, bedrooms, bars and restaurants, and at leisure outlets. Point-of-sale material is usually a tangible piece of collateral that projects the image of the business and is noticed by customers. Many hospitality brands produce excellent point-of-sale material, but there are also many units with dated, tired collateral, and this sends out negative signals to customers. The Belmont House Hotel in Leicester, England, organizes a series of events throughout the year, which combine opportunities for communicating with loyal customers along with public relations activity and sales promotions. The point-of-sale leaflet is placed in bedrooms, bars and restaurants to maximize interest in the events (see Figure 9.4).

### Public relations

The focus of public relations is to generate positive publicity for the company in the media. Such publicity is generally regarded as 'free', since space and time is not bought as in advertising, although the design, effort, creativity and networking required to generate media coverage is not cheap. Public relations (PR) is a profession with a structured career pathway, and specialized education with formal examinations. Many countries have professional bodies representing their PR industry.

The major hospitality corporations employ PR managers in their national and international head offices. The corporate public relations role includes managing publicity aimed at financial stakeholders and political bodies, as well as promoting the parent company image and specific brands. Although the management of media relations at national and international level is clearly a role for the professional PR executive, individual hospitality owners and general managers can become adept at generating publicity for their own properties. The principles of effective public relations are the same regardless of the scale of business. Public relations activity should:

- Ensure that the proposition, or the publicity idea, is consistent with the brand's positioning and the current brand image. Some hoteliers are so keen to be in the news they forget the purpose of PR activity, which is to generate positive publicity for the business. Inappropriate stunts can generate significant amounts of irrelevant or even negative publicity, which undermines the brand's position in the marketplace.
- Develop a creative concept that stimulates the media's imagination. Media journalists and their editors are well informed, very aware and frequently cynical.



Belmont House Hotel

## Dates for your diary

**JANUARY**

**Jamie's Bar**  
Champagne treats.  
Live up to your New Year's resolutions.  
Carpe Diem!! House champagnes at  
January sale prices! Delicious.

**13th Cherry Restaurant**  
New menus, New prices, Better value.

**20th Jamie's Bar**  
Jamie's new sandwich menu, out with  
the old and in with the new, except for  
old favourites of course.

**25th Cherry Restaurant**  
Burns night supper in the Cherry  
Restaurant, with our own Head Chef,  
Stewart, addressing the Haggis! £24.95pp

**31st Bowies**  
New monthly music nights start our first  
evening with local singer Lindsey Cowlishaw  
singing all her favourite classic pop songs. Book  
a table for a candlelight dinner and a relaxing  
evening. Dinner £15.00pp. Entry fee £1.50pp.

**FEBRUARY**

**3rd Bowies**  
New menu!  
**Jamie's Bar**  
Jamies warms up the month with  
Claret. A selection of very special  
clarets available from £4 a glass, a real  
treat.

**14th Valentine's Night  
(or overnight!)**  
Choose from a delicious menu for 2 in  
**Cherry's Restaurant**, or be  
extravagant and book dinner and one  
of our lovely rooms. Or go down to  
**Bowies** and enjoy a romantic  
candlelight dinner with a hint of blues  
music playing. And if you can't make  
the 14th come on the 15th!  
Cherrys £24.50pp  
Overnight £130.00 including dinner,  
bed and breakfast for two, half a  
bottle of champagne and a rose.  
Bowies £19.50pp

**MARCH**

**2nd The Belmont  
Wedding Fair**  
A must for all brides, or even those  
just contemplating. A collection of  
dedicated suppliers there to help you  
with all those tough decisions.  
Hopefully you've already made the  
most important one and booked the  
Belmont... (Well, OK, I suppose  
your partner could also be the most  
important decision.)

**Jamie's Bar**  
Jamie's Bar is going Australian, a  
few little wines from down under (is  
there such a thing as a little wine  
from down under!), and we might  
have a prawn or two off the barbie

**21st Cherry Restaurant**  
Tonight is our FUN wine  
appreciation night in Cherrys. Come  
and enjoy a great meal with an  
intriguing selection of wines, the  
origins of which will be described to  
you by our experts...but are they  
telling the truth? Dinner including  
wine is all inclusive, really good  
value at £29.50

**Jamie's Bar**  
Great coffee served from 8am  
weekday mornings. Coffee &  
Croissant or Danish £2.95  
Choice of Teas and cakes £2.95

**28th Bowies**  
Bowie's jazz night, come and listen  
to our singer and the Sax player in  
the candle light.

Don't forget Cherrys serves the best  
breakfast around and is a great way to  
get through your first meeting of the day.

**10th-17th Cherry Restaurant**  
Lobster week in Cherrys, one or two  
special dishes of this most delicious of  
shellfish to titillate the palate.

**28th Bowies**  
Bowie's monthly Music Night!  
Tonight we have Karaoke! Dinner  
£15.00pp

**30th Cherry Restaurant**  
30th is a most important date, yes it's  
Mothering Sunday so book early and  
make sure you give her a great treat.  
Cherry's Restaurant will be serving its  
usual great food. £18.50pp 4 courses,  
coffee and a gift.

Figure 9.4 Point-of-sale collateral; the Belmont House Hotel calendar of events

To capture their imagination, the publicity concept needs to be different, interesting and therefore newsworthy.

- Make sure that press information is professionally presented and made available at the right time. Old news is not interesting. The tools that PR executives use include press releases, a press pack with all the relevant company information, photographs, and arranging familiarization visits for journalists.
- PR activity needs 'stories' around which a publicity campaign can be created. Suitable stories include company news (for example, new hotel/restaurant openings, new product launches), events, new menus and special offers, winning accolades and awards from hotel and restaurant guides, and human interest stories about customers and employees.

Effective public relations activity uses a wide range of different activities, events, and human interest stories that generate brand awareness and raise brand image. Success

is measured by print column inches and air time minutes, but the level of sales generated by PR is more difficult to calculate. Premier Hotels, a British company that held franchises for Days Inn, Holiday Inn Express and Howard Johnson, developed a PR campaign for opening a new hotel using the theme 'Be a Star for the Day!' Working with local schools, children entered the competition and the winner (along with his or her family) was given VIP treatment for the day. The family was collected from home in a limousine and driven to the new hotel; the winner 'cut the tape' to open the hotel formally, with several journalists and photographers present. The family was then dined and looked after before being driven home again in the limousine. Local media found the human interest angle newsworthy; it generated significant media coverage and was relatively inexpensive to organize – and, of course, the winner loved the glamour of being a star for the day!

### PR and crisis management

Public relations is especially important when a company experiences a newsworthy crisis. Unfortunately, events such as food-poisoning incidents, hotel fires and high-profile court cases involving customers or employees generate media interest, even though the company does not want this type of publicity. The role of PR during the crisis is to present the hospitality company's version of events as favorably as possible. Journalists are more likely to portray the crisis sympathetically if their questions are taken seriously. When a senior figure in the company acts as the spokesperson and answers the media's questions with open, honest and helpful information, the media are more likely to be supportive. However, investigative journalists and those working for certain tabloid newspapers may be more difficult to handle. The major hospitality organizations develop crisis management planning to be prepared for such a crisis; but when an incident occurs it is easy for unit employees and managers to panic in the glare of the publicity and make inappropriate statements. Companies that respond effectively to a crisis can actually improve their image as a result of positive media publicity.

### PR and destination marketing

A relatively new dimension in tourism public relations activity is the active promotion of destinations, by destination marketing organizations, to film and television companies. The popularity of destinations that have been featured in successful films and television programs has increased the number of visitors to these locations. The American entertainment industry has been a key attraction for tourists visiting Hollywood, Los Angeles and Orlando in Florida. Films like *The Beach* and *Lord of the Rings* have helped to promote tourism in Thailand and New Zealand. Today, destinations actively promote themselves as ideal locations for film and television productions in the hope that positive exposure will generate an increase in tourism.

#### Activity 9.2

Log onto the following hospitality companies, find the site map and look for press, press releases or press room:

- [www.ritzcarlton.com](http://www.ritzcarlton.com)
- [www.sandals.com](http://www.sandals.com)
- [www.mcdonalds.com](http://www.mcdonalds.com)

Review the latest press information – these are actual press releases sent out by companies to the media to generate publicity. Evaluate the approach different companies take to creating stories, and the content, interest and writing style.

## Sponsorship

Sponsorship is often used in conjunction with PR to maximize publicity. It is a major component in the financing of sports/arts/cultural activities and events. Football teams, tennis stars, golf tournaments, music festivals, art exhibitions and literary events all depend upon other organizations for financial support. Hospitality companies can either provide financial donations or complimentary services such as accommodation as part of a sponsorship arrangement in return for publicity. Sponsored activities promote the name of the sponsor on clothes, equipment, posters and vehicles during the event. The sponsorship can also become the focus of a marketing communications campaign. Indeed, key customers can be invited to the sponsored event and provided with VIP status and exclusive hospitality.

The cost of sponsorship is closely linked to the amount of media coverage generated. Obviously, the higher the sport's profile and the higher the profile of the celebrities, the more it costs. Whilst major hospitality companies can afford to sponsor popular national and international events (see Case study 9.1), small hospitality businesses can, with a modest amount of money, sponsor local community activities just as effectively. The pub sponsoring a local children's football team by buying their strip can generate huge goodwill and a positive brand image.

## Case study

### 9.1 De Vere's effective sponsorship of the Ryder Golf Cup

De Vere Hotels hosted the Ryder Cup Golf match between the USA and Europe at the Belfry Hotel – its prestigious conference and golfing hotel complex. De Vere took the opportunity to sponsor the event, which attracted 180,000 visitors and a television audience of over one billion viewers. De Vere raised brand awareness more than any other UK hotel group that year, and at the same time increased its REVPAR premium compared to competitors to 21 percent. The Annual Accounts recognized the success of the sponsorship in supporting De Vere's marketing objectives.

(Source: [www.deverehotels.co.uk](http://www.deverehotels.co.uk))

## Direct marketing

Direct marketing (DM) is any form of direct-to-consumer communication, such as direct mail, door drops, SMS (text messaging) and email promotions. Usually DM aims to inform and persuade customers to respond to a particular offer. *A key benefit of direct marketing is that it cuts out the intermediaries and the commissions paid to them.* Originally, direct marketing comprised direct mailings to customers, door-to-door leaflets in the neighborhood, and making sure that advertisements had a response mechanism. This type of marketing communication activity remains

popular with smaller hospitality businesses. Newsletters and Christmas cards from small hotels, bed-and-breakfast houses and local restaurants are cost-effective and help build customer relationships. The communications can be highly personalized, if somewhat quirky at times.

We have already mentioned how the cost of computers has fallen whilst the capacity and interconnectivity of computer systems has risen, and the impact of this ICT revolution has enabled major hospitality organizations to capture customer transaction data. The technology enables customer information and geo-demographic details from lifestyle databases to be analyzed to improve targeted direct marketing.

The process of direct marketing in hotels starts with the computer reservation systems. Customer details from the front office are linked to customer transactions and accounts in the back office, to provide a database of customer activity. Companies with a sales force will enter existing accounts and potential prospects into their customer relationship management system, which is a separate software package. Hospitality brands with thousands of customers enrolled as members of their loyalty club normally outsource the management of this service to a specialist service provider, and this database will be located on another site. These different computer systems should all be interconnected, but for various reasons might not be. The process of computerizing hotels has evolved over a number of years, and different hardware and software packages have been brought at different times; even linking front and back office took a long time for some companies to manage. The hotel groups that have grown through major acquisitions have also inherited different property management systems (PMS), different CRS and even different technological hardware platforms, such as Internet booking systems. The cost of installing new complementary systems is high, but such installation is essential if the company is going to have an effective direct marketing system.

Hotel groups store information in secure data warehouses, or data marts, away from the operational units. These store information about customers, including geo-demographic data, number of visits, purpose of visits, time of visits, average spend, and personal comments – for example, birthdays, wedding anniversaries, or the number and age of children. Sophisticated data mining software can analyze the data to identify current customer usage patterns and clusters of customer segments. The software can then identify customers who are most likely to be interested in booking specific hospitality products, at specific times. This information can then be used as part of a more accurately targeted direct marketing campaign, assuming the customers have actually given their permission to be contacted.

In hospitality, direct marketing generates better results in leisure markets where the products have low involvement characteristics and prices are relatively modest – for example, leisure weekends. Direct marketing is frequently used in hospitality new product launches, such as new restaurants. It can also be used when targeting specific business markets, like the conference market. However, if the products have high involvement characteristics, then direct marketing often needs to include a follow-up by the sales force.

Indeed, direct marketing activities can work effectively with all the other elements of marketing communication mix in an integrated campaign. Direct marketing is a powerful marketing communication tool for the following reasons:

- The company has complete control of the message and medium
- Customers and prospective customers are precisely targeted – this solves the traditional criticism of direct mail, which is that many recipients do not want to receive unsolicited mail

- The message can be more easily personalized
- The impact of the direct marketing campaign has immediate results, and the costs and return from a direct marketing campaign can be measured.

Finally, over time people's geo-demographic characteristics alter and their lifestyle patterns change. The major criticism of direct marketing is that contact lists become dated. One estimate suggests that on average people move home at least once every eight years, and many people move much more frequently. This means that computer databases needed to be 'cleaned' on a regular basis to ensure that people who have died or moved house are removed from them.

## Internet website

We discussed the role of hospitality company websites in Chapter 8. Whilst the Internet is usually regarded as a distribution channel to facilitate convenient booking, especially for last minute deals, the website should also be considered as a Marcom tool.

# The role of marketing communication agencies

The marketing communication industry is a global one comprising a small number of global players, a large number of regional and national companies, and many small local businesses – some with only one employee. Advertising agencies emerged as salespeople who worked for the newspapers and magazines on a commission basis, turned into professional advisers for customers, and created, designed and planned campaigns for them. Today there is a wide range of specialist companies working in each of the different elements of the marketing communication mix. These include specialists in public relations, copywriting, media buying, merchandising, direct marketing, photography and collateral. There are also agencies that monitor and measure the effectiveness of marketing communication campaigns.

Whilst specialist agencies focus on one specific service, full service agencies provide:

- *Creative services* – the design and production of advertising, publicity material, public relations concepts and ideas. Creative planning is needed to make sure the message stands out from all the noise and is heard and seen by the target audience. A creative brief summarizes the task, and the creative team will first brainstorm ideas and then develop those ideas into a storyboard that presents a visual interpretation of the message execution. Storyboards can be used to pre-test the effectiveness of the creative concept, by obtaining feedback from focus groups representing the target audience. Their response indicates whether changes in the message execution are needed. While an agency will be responsible for the creative planning, the client needs to be involved and has to give approval at key stages in this process.
- *Media planning* – selecting appropriate media, negotiating and buying the media space and time. Agencies have experience regarding which media are more effective

to accomplish the task, and can obtain better prices for clients because of their bulk buying power.

- *Research* – including research into audience characteristics, campaign effectiveness and new media forms.

Agencies employ account executives, who are responsible for looking after individual clients and coordinating the agency's services to them. Traditionally, there are three ways in which agencies charge for their work:

- 1 *Commission*. Here, media owners pay agencies a commission for placing the client's business. The commission is approximately 15 percent, but this is subject to negotiation. However, the system has been criticized because unscrupulous agents can place business with the media that pay the highest commission, which is not always in the client's best interest, or spend more money buying media than is strictly necessary to achieve the campaign's objectives.
- 2 *Fee basis*. Here, the client pays the agency a fee for the work. This can be on a project basis, or, in the case of PR agencies, clients may pay a regular monthly/annual retainer to ensure that any publicity opportunities are captured as they happen.
- 3 *Payment by results*. Cost control and a quest for greater cost-effectiveness has produced a third alternative, payment by results. However this is not as simple as it sounds, since measuring the outcomes of marketing communication campaigns and attributing the sales to specific activities is notoriously difficult.

Although all three systems are possible, most agencies use a combination of commission and clients paying on a fee basis.

## Planning the marketing communication campaign

The steps in developing a marketing communication campaign include setting objectives, setting the budget, defining the target audience, agreeing Marcom strategies and tactics, implementation, and measuring the results of the campaign. We will now discuss each of these in turn.

### Marketing communication objectives

As mentioned earlier, communication objectives can be classified into 'learn', 'feel' and 'do' categories. Marketing communication campaigns for most small hospitality companies are short-term, tactical responses to difficult trading conditions. The marketing communication campaigns for the major hospitality companies such as fast-food chains are part of a long-term, coordinated, planned and professional activity to support the company's marketing objectives. The starting point in planning a marketing communication campaign is setting objectives that support and are consistent with long-term marketing objectives. Most long-term communication objectives focus on the brand, rather than on particular products or experiences. Typically, brand owners want to get customers to understand what the brand means and to develop favorable attitudes towards the brand. These are 'learn' and 'feel' objectives respectively. We will discuss objectives in more detail in Chapter 15, but

all objectives should be specific, measurable, achievable, realistic and set to a timetable. Examples of Marcom objectives include:

- *Learn* – a new product launch objective for a restaurant opening in September could be: ‘to generate 15 percent awareness of the restaurant among the target market of ABC1 men and women, within a 15-minute drive-time radius of the site, by the end of October’.
- *Feel* – an objective for a conference hotel in an Adriatic tourism destination could be: ‘to become the destination’s conference hotel of first choice for Italian small and medium-sized professional associations within two years’.
- *Do* – an objective for a leisure hotel could be: ‘to generate a 25 percent increase in domestic leisure break Internet bookings in the next twelve-month period’.

Short-term marketing objectives employ tactical activities like sales promotions to drive bookings and sales.

## Setting the marketing communication budget

There are four recognized ways of setting a marketing communication budget: affordable, percentage of sales, competitive parity, and objective and task. The approach taken really depends upon the size and ownership of the hospitality business; and which sector a company operates in. Generally speaking, budgeting methods become more systematic as the business grows in complexity.

**Affordable** Small hospitality operators, like the independent takeaway sandwich shop, the farmhouse bed and breakfast and the wine bar, make promotional decisions on the basis of what is affordable. These entrepreneurial owners may respond opportunistically to media offers, and make judgments on a trial and error basis. Financial forward planning is rarely a strength of such businesses, but prudent calculations and ‘gut instinct’ should keep the marketing communication budget within the bounds of common sense.

**Percentage of sales** Historically, most hospitality businesses set their marketing budgets as a percentage of last year’s or future projected sales. Over time, industries establish norms for marketing costs and expenditure patterns. In hospitality, this process is complicated by a lack of consensus about which budget line items count as Marcom expenses. For example, the sales force can be budgeted as a payroll item or included in the marketing communication budget. Dues paid to a consortium group and which are ultimately used for marketing purposes might appear as a general administrative item in the budget. However, the major hotel companies, which use the Uniform System of Accounts for the Lodging Industry (USALI), have adopted an accounting standard for marketing that includes payroll costs. The following are typical UK hospitality industry norms for marketing communication budgets, stated as a percentage of total sales (TRI, 2003):

Chain hotels	2.8–3.5% (including 0.6% for marketing payroll costs)
Independent hotels	2–6%, depending upon the location and business mix

For example, an independent leisure-orientated hotel with a turnover of \$2 million, using 5 percent as the percentage of sales method, would allocate \$100,000 to marketing communication activity. Franchised hospitality businesses have developed complex formulae, which include fees, to pay for national Marcom activity as well as local promotions. However, independent restaurants typically spend 2–3 percent on their Marcom activity.

The problem with percentage of sales calculations is that the budget is not linked to the needs of the business. In some years the budget may be too much, because of economic prosperity, whilst during difficult trading periods the budget will not be enough. It also does not take into account each company's cost/profit structure, the different locations or potential opportunities that might require an investment in additional marketing communication expenditure. However, the percentage of sales method remains the preferred choice of most hospitality organizations.

**Competitive parity** Major hospitality brands competing in mature markets fight for market share and brand loyalty. These companies already invest heavily in marketing communication activity and are very aware of one another's marketing communication campaigns. The competitive parity budget concept recognizes the importance of investing similar amounts of money on marketing communication activity as competitors. If one competitor tries to increase its share of voice (SOV) in this competitive market by substantially increasing its marketing communication expenditure, then competitors may be forced to match the increase in spending in order to maintain their SOV. *Share of voice* is a measure of the amount of money invested in promotion, and particularly in advertising, in comparison to competitors. If total sector spend on advertising is \$10 million and your company spends \$2 million, your SOV is 20 percent.

**Objective and task** The objective and task approach adopts a systematic method to budgeting. Specific objectives are set, and the marketing communication tasks to deliver those objectives are determined. The costs are then calculated and the marketing communication budget is agreed. For smaller companies, this is seen as a complicated and time-consuming approach. For larger organizations, especially the more bureaucratic ones, the objective and task method is favored. However, this approach can be problematic if the costs are higher than predicted, and expected sales do not materialize.

### Costs

Whilst each budgeting approach has advantages and disadvantages, the important point is that setting a budget is essential when planning the marketing communication campaign. The costs of a campaign include:

- Agency fees for advice and creative design.
- Production costs – a black and white leaflet or a local radio station advert is a relatively low-cost item to produce, compared to printing a high quality, full-color glossy brochure or making a one-minute cinema/television commercial on location with celebrities as part of an international campaign.
- Media costs – this refers to the actual cost of buying the space in a publication or the time on TV or radio stations.
- Buying or renting mailing lists.

Budgeting often becomes an iterative process, as the costs of different media are evaluated and campaign decisions are changed to fit the allocated budget.

### Above and below the line

When discussing marketing communications, marketers distinguish between 'above' and 'below' the line to describe different types of activity. *Above the line* is used to describe advertising activities where the space (the page in print, or the time slot in broadcasting) has to be paid for. *Below the line* is used for any other non-personal marketing communication activity. This terminology originates with the agencies, and refers to commission-earning activity (above the line) and fee-earning activity (below the line).

### Target markets

In marketing communications, the target market is described as the target audience, and the key is to match the audience characteristics of the available media with the hospitality organization's target market profile. There are two alternative strategies in prioritizing target audiences for hospitality companies who use intermediaries: push and pull (see Figure 9.5).

A *push strategy* prioritizes intermediaries as the main target audience. Marketing communication activities focus on intermediaries, who should then influence the end user to choose the company's products instead of competitors. Hospitality marketing communication campaigns targeting intermediaries use all the elements of the marketing communication mix, but competitors are also targeting intermediaries – so it is difficult to gain competitive advantage.

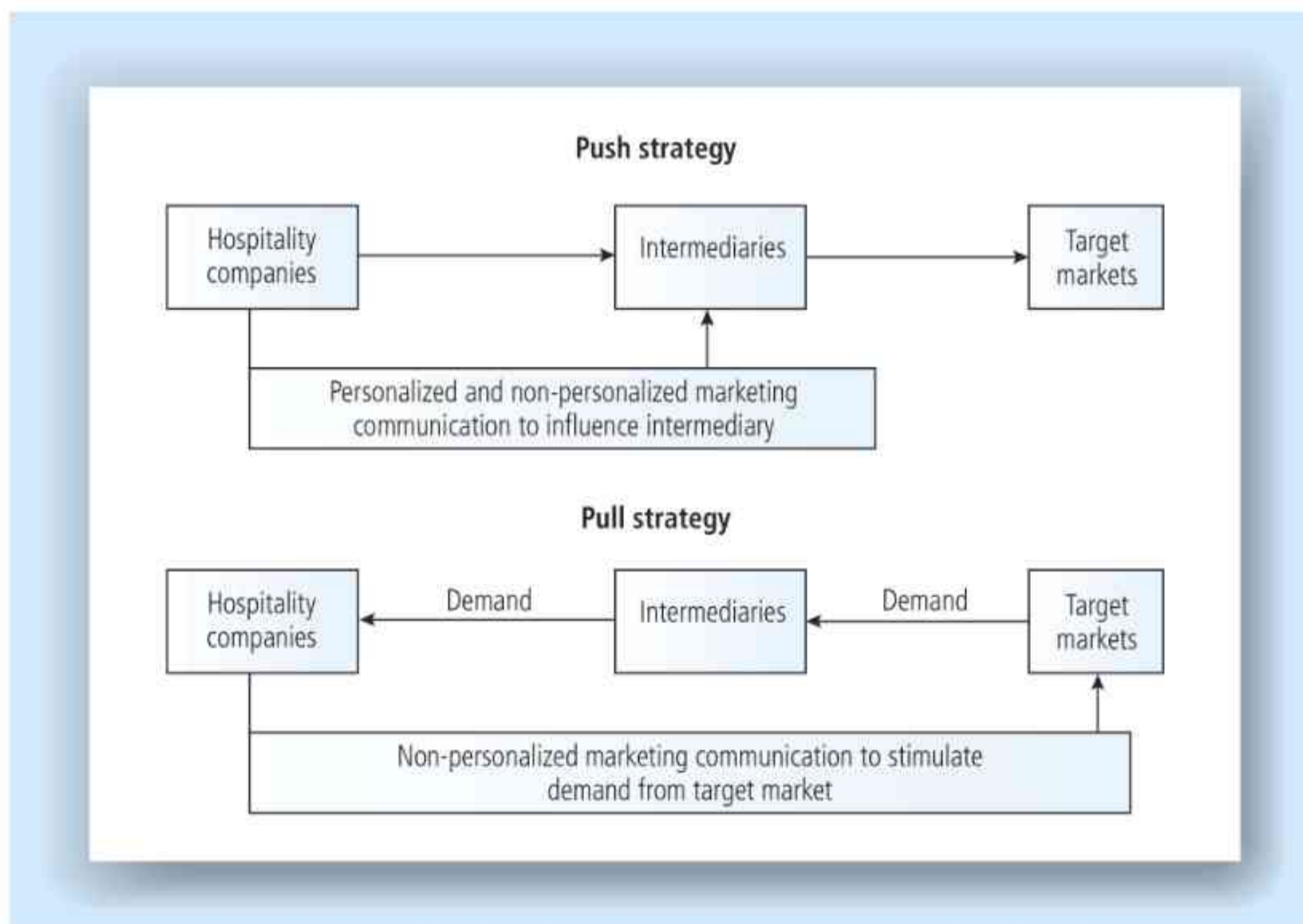


Figure 9.5 Push and pull strategies

A *pull strategy* prioritizes marketing communication activity on the end user, aiming to make the hospitality product the customer's first choice when discussing requirements with an intermediary. Because the intermediary should acknowledge the customer's wishes, the intermediary should then make the appropriate booking.

The major hospitality players use both strategies to influence intermediaries and end users. Accurately defining and prioritizing the target markets helps in the selection of which media to use.

### Marcom strategies and tactics

We will now explain the links between marketing objectives, Marcom strategies and budgeting, using hotel accommodation as an example. Marketing objectives for accommodation generally focus on increasing room occupancy, improving achieved room rate and REVPAR; these are formed using percentages, value or volume as a performance indicator. A marketing objective for a hotel that is too dependent upon tour operator sales might be 'to increase higher rate rack, corporate and conference business and reduce the volume of tour group sales next year'. The Marcom strategy and tactics to support the objective could be:

To drive higher rate accommodation sales through:

- Active selling by sales executives to key corporate accounts and conference placement agents (Sales, Sponsorship)
- Sales executives renegotiating higher rates and reduce room allocations for mid-week business with selected tour operators; but maintaining weekend rates and allocations (Sales)
- Launching a new state-of-the-art conference package targeting the financial services and IT industries (Print, Sales, PR, Direct Marketing, Sponsorship)
- Developing a new Sunday night promotion (Sales promotion and Point-of-sale).

This example demonstrates how several Marcom tools are used to support a single objective. A typical budget for a 200 bedroom independent hotel in a prime location is provided in Figure 9.6, and a monthly planner for key activities in Table 9.2. For each of these activities a detailed tactical marketing action plan needs to be drawn up, listing the schedule, timing and who is responsible. The PR activity to launch the new conference product will therefore require its own brief to the agency, budget and implementation plan.

### Implementation

The major hospitality players have continuous marketing communication activity, and are adept at managing implementation. Smaller hospitality companies run campaigns during specific periods. During the campaign period, target audience responses must be monitored. Occasionally, a campaign can be adapted to improve the message execution or even 'pulled' if a serious error of judgment has occurred. Regular customers and employees can enjoy the 'buzz' and excitement when an innovative marketing communication campaign generates lots of interest – especially if real employees are actually featured in the campaign.

### Measuring the results

Effective measurement of results is based on setting measurable marketing communication objectives in terms of what you want the audience to learn, feel or do, and

**Table 9.2** Annual Marcom Activities Schedule Planner

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<i>Sales</i>												
Sales visits		New York		Paris		Hong Kong, Shanghai						
Conference sales blitz			X	X	X				X	X		
Exhibitions			Berlin			Tokyo					World Trade Market, London	
<i>Print</i>												
New design and production	X	X	X									
PR		X	X	X	X			X	X	X	X	
<i>Adverts</i>												
Leisure breaks	X	X	X			X	X	X		X	X	
Conference	X	X	X	X					X	X	X	
<i>Direct marketing</i>												
Loyalty club newsletter		X			X			X			X	
<i>Sponsorship</i>												
Golf events				X			X	X				

establishing tracking systems to monitor audience responses. There are two main methods of measuring the results of a marketing communication campaign: one is to use marketing research to measure the effectiveness of marketing communication activity, while the other is to measure the audience responses in terms of enquiries and bookings generated.

### Marketing research measurement

A company wishing to raise brand awareness and brand image ('learn' objectives) first needs to employ an agency to establish the levels of awareness and image before the campaign starts. This provides a comparison standard for setting a measurable objective. During and after the campaign, the agency – using the same research methods – can establish whether there have been any changes in the levels of brand awareness and brand image. Similar research tracks the target audience's recall of recent advertising heard or seen, which is another 'learning' measure of the campaign's effectiveness.

### Response measurement

Most hospitality companies want a measurable behavioral response to their Marcom campaigns – enquiries or bookings, for example. The reservations department, or the telesales bureau, notes the number of enquiries generated by each of the different elements of the communications plan. Many advertisements ask consumers to quote a code when they call for more information, and this allows the responses for each advert to be separately monitored. However, some campaigns stimulate lots of interest and enquiries, but little in the way of sales. This is why the conversion ratio

A hotel with an accommodation sales target of £10 million and a 5% marketing budget might allocate the £500,000 like this:

<b>Sales</b>	£,000
Salaries	150
Overseas travel	30
Exhibitions	20
Entertaining/FAM visits	10
	<u>210</u>
<b>Marketing agency fees</b>	
Redesign corporate identity	50
<b>Advertising</b>	
Directories	25
GDS adverts	10
Tactical support	25
	<u>60</u>
<b>Print</b>	
Hotel brochure	15
Corporate market	10
Tour operator	5
Leisure breaks	5
Conference	5
Loyalty scheme	5
	<u>45</u>
<b>Sales promotion</b>	
In-house point-of-sale	10
<b>PR</b>	
Agency fees	20
<b>Sponsorship</b>	
Golf events	20
<b>Direct marketing</b>	
Loyalty club	20
<b>Other</b>	
Consortia/Utell	25
Internet	15
Contingency	25
	<u>65</u>

Figure 9.6 Marcom budget for hotel accommodation

of turning enquiries into bookings is important. This allows companies to track the actual number and value of bookings generated by each advert in each medium, which in turn allows the marketing team to evaluate the effectiveness of each medium and of different adverts, to learn what works and to improve the campaign for next time. We have already mentioned vouchers and coupons, which are distributed as part of sales promotions and direct marketing activity. The number of customers using the vouchers also provides a simple tracking system to measure the effectiveness of voucher campaigns.

## Conclusion

Marketers are primarily responsible for communicating the hospitality offer, and this is the most visible part of the marketing job. When designing a campaign the hospitality marketer has to choose from a wide range of options, and the decision is dependent upon the budget available and the campaign's objectives. Ensuring that a consistent message is delivered across the range of communication tools used in a campaign is essential. Creativity can increase the impact of a campaign. Hospitality marketers work with agencies that provide professional, specialist marketing communication services. All marketing communication activity should have a mechanism for measuring the response to a campaign, or the investment in marketing communication is wasted.

In this chapter, we have explained:

- The role of marketing communication, which is to inform, persuade and build relationships with target audiences
- The communication process, which involves a sender, a target audience, noise in the environment, the message, media and feedback
- Personal communication channels in hospitality, which usually involve sales people directly talking with, or writing to, customers on an individual basis
- Non-personal communication channels, including all print, broadcast and display tools aimed at target audiences
- The hospitality communication mix, which includes print material, the sales force, advertising, sales promotion and point-of-sale material, public relations, sponsorship, direct marketing and the Internet
- That setting marketing communication objectives is a prerequisite for successful marketing communication planning
- Marketing communication campaigns, which comprises a budget, prioritization of target audiences, creative planning, media selection, implementation and a mechanism for measuring the results of the campaign.

Now check your understanding by answering the following questions:

- 1 Discuss the role of marketing communications in communicating the hospitality offer.
- 2 Evaluate the communication process from a hospitality company's perspective.
- 3 Discuss the hospitality marketing communication mix and explain the role of each tool.
- 4 Explain the stages in developing and implementing a marketing communication campaign for a hospitality product.

## Review questions

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Part C

# Encounter marketing



