

Creating Results: Strategy vs. Knee-Jerk Reactions - By Brenda Fields

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Who would not agree that a well thought out and well executed strategic plan is the basis for ensuring the best results? But how many times do we go off course when the results aren't there or when the results aren't there when we expect them? And how many times do we take short cuts in the planning process and are disappointed in the results?

All of the planning goes out the window and we seize on any idea that may generate business. We look for that quick fix and more often than not, go deeper into the hole!

Small, independent hotels have the added challenge of limited marketing resources as they are typically established as a percentage of revenues. Therefore, each dollar spent and each strategy implemented must be efficient and produce the greatest ROI.

This article will address the key components to establish a plan; how to effectively evaluate its effectiveness; and how and when to change course, without 'knee-jerk reactions'.

The Planning Process

œ Determine your position in the marketplace.

The first step is to understand your hotel's position in the market place. That will determine which segments of the market you will attract; what rates to charge, per segment, per season; and what services and amenities to offer. A firm understanding of who you are, where you want to be in the marketplace, and what you offer (relative to your competition and general market conditions), will determine all strategic plans and will influence any decisions to be made with changing market conditions or filling specific need periods. It is tempting to rush into decisions and change course in the hopes to generate business, if your property's performance is below expectation. But a clear focus and clear understanding of your position, and establishing strategies consistent to that positioning, will avert costly mistakes for both the short term and the long term.

œ Create a detailed rooms budget.

Planning is the key to ensure effective strategies. A solid rooms budget is one laid out on a daily basis, which clearly has incorporated demand factors and well-founded assumptions, by day, by market segment, with rooms and rates per segment. Each market segment has its own peaks and valleys on a daily basis as well as on a seasonal basis. This is the result of factors such as holidays, conventions, and seasonal trends. Incorporating all of these factors will create an accurate projection of occupancy and average rate when laid out on a daily basis as opposed to taking 'short cuts' by just using monthly totals and projections to establish budgets. This also lays the foundation for improved budgeting in other departments, especially food and beverage. For example, 100% occupancy made up of groups which are out of the hotel all day, is not the same as a full house of other segments from which you can assume a certain percentage to impact room service or the restaurants.

By accurately identifying and quantifying all potential segments on a micro basis and understanding each market segments' travel trends and needs, the hotel is able to proactively solicit those specific markets, efficiently and cost-effectively, without wasting valuable resources, as well as understanding when to change course when market conditions change.

Changing Strategies

œ Define your objective(s).

We all know about '....the best laid plans of mice and men....'! So if results are not there for whatever reason, it's time to plan and re-strategize. Some strategies produce short-term results, while others pay off in the long term. For example, is the goal to generate immediate revenues or is the goal to establish a market presence that will grow over time? More often than not, the two goals are mutually exclusive. For example, an 'image ad' campaign is designed to create awareness over time, without having an immediate impact on revenues. Conversely, a significant rate reduction or a special promotion can have an immediate impact if planned, executed, and marketed properly. But this strategy can have a negative long-term impact, depending on your hotel's position in the marketplace and which segments are targeted.

So in defining your objective(s), it is important to tie in which segments will be impacted i.e. group, weekend, or rack rated business, and the impact of your strategies in the over-all mix of business. Robbing 'Peter to pay Paul' does not accomplish anything and is pretty much a waste of time and resources, so it is useful to look carefully at the segments.

œ Set realistic expectations

It is tempting to try to be all things to all people by using a 'shotgun approach' to marketing your hotel, assuming that the greater the exposure, the better and business is business regardless of who it is. But by staying true to the positioning and by determining which segments of the market are viable for your hotel, you can then ensure that all marketing strategies are cost effective and actually reach the target audience.

Therefore, it is important to establish strategies for each market segment to include the means to reach them and a time frame to realize results. Each marketing resource will produce a different ROI and different timetable to impact business. By understanding each potential segment, i.e. who it is, the reason for the buy, and each segment's travel trends, the hotel is in a much stronger position to maximize occupancy and yield by using its resources wisely.

Look into the market place in order to quantify potential business per segment. For example, in a down market, how much business, per segment, can be realized even when the strategies are effective and on target? Should you look for a windfall of roomnights or revenues, or, is it wiser to measure market share and use that as the measurement to evaluate the effectiveness?

By taking the time to establish a thoughtful and detailed plan, boutique hotel owners and managers will not only take control of their business and be able to weather any storm, but will approach simple and difficult business decisions alike, from a position of strength and confidence.

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About Brenda Fields

In her more than 20 years as a marketing and sales pro in the hospitality industry, Brenda G. Fields has emerged as the 'go to' sales and marketing consultant and for independent and/or privately owned hotels and resorts seeking real-world solutions for today's market challenges.

From small boutique hotels to large convention properties, Brenda has created and implemented highly successful marketing and yield management programs that enable owners to achieve target results despite market conditions.

With a 'who's who' roster of clients, Brenda has worked with a number of industry leaders and real estate investment companies including Starwood Lodging Corporation, Vornado Realty Trust and Planet Hollywood, John Hancock Mutual Life Insurance Company, Olympus Real Estate Corporation, and Apple Core Hotels, among others.

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