

School of Business

Course Code : SOBO1001

Course Name: Hospitality Services Sales & Marketing

HOSPITALITY SERVICES SALES & MARKETING

Reference:

1	Marketing Management: Concept and Cases-Dr. Raj Kumar and Nidhi Goel. Published by UDH Books
2	A textbook of Tourism and Hospitality Management –KCK Rakesh Kadam, VRK Shaifalee and VRK Chainickaa. Published by UDH Books
3	Hotel & Food Service Marketing- Francis Buttle
4	Marketing Hospitality, By Cathy H.C. Hsu and Tom Powers Published By Wiley
5	Hospitality Sales A Marketing Approach by Margaret Shaw Published By Wiley

Name of the Faculty: Dr. Shailendra Kumar Srivastava Program Name: BHM/B.Sc. In Hospitality

Marketing in tourism and hospitality

- As the production and consumption experiences are inseparable, it is impossible to sample a tourism service before purchase.
- Marketing of tourism is based on
 - Trust
 - Relationship
 - Delivering value

“Marketing is so basic that it cannot be considered a separate function. It is the whole of business seen from the point of view of its final result, that is, from the customers point of view...Business success is not determined by the producer, but by the customer.”

-Peter Drucker



Hospitality marketing



- Hospitality Marketing is the process
- For getting a company's product or service out to consumers.
- How segments of the hospitality industry, such as:
 - hotels,
 - restaurants,
 - resorts,
 - amusement parks and other entertainment and accommodations businesses
- ...promote their products or services.

Hospitality Marketing Management Philosophies

Production Concept

Product Concept

Selling Concept

Marketing Concept

Societal Marketing Concept

- Consumers favor products/services that are available and highly affordable
- Improve production and distribution.
- Guests favor products that offer the most quality, performance, and innovative features.
- Consumers will buy products only if the company promotes/ sells these products in every channel.
- Focuses on needs/ wants of target markets & delivering satisfaction better than rest
- Focuses on needs/ wants of target markets & delivering superior value.

Marketing and Sales Concepts Contrasted



Importance of Marketing

- Corporate giants have increased marketing importance for entire industry
- Predicted hotel consolidation into 5 or 6 chains will create intense competition
- Growing competitive pressures increasing importance of the Marketing Director

Best Practices

- Four Seasons and putting customers first
- Singapore Airlines and its top ranked product
- Dubai – ridding itself of its reputation of being the “smuggling capital of the Arab world”
- Hong Kong and the “world’s best airport”
- Ritz Carlton delivering “memorable experiences”
- McDonald’s QSC&V principle



Service Characteristics of Hospitality and Tourism Marketing

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The tourism marketing mix



Characteristics of Services

Intangibility

Can't be seen, tasted, felt, heard, or smelled before purchase.

Inseparability

Can't be separated from service providers.

Variability

Quality depends on who provides them and when, where and how.

Perishability

Can't be stored for later sale or use.

Intangibility

- High risk associated with services. It is difficult to evaluate service before the experience. Furthermore, lack of tangibility after the experience
- Tangibilizing the intangible
 - Create strong organization image
 - Engage in post-purchase communication
 - Stimulate “Word of Mouth” & Publicity
 - Online forums
 - Blogs
 - Social Media

Inseparability

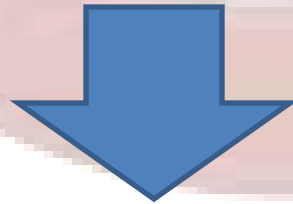
The customer becomes part of the service

- Service encounter = Moment of truth
- Managing employees
 - Communication training
 - Empowerment
- Managing customers
 - What do you expect customers to do?
 - Interaction with other customers

Tourism and hospitality as a service

Intangibility

- Service oriented industries like travel and tourism, strive towards converting the intangible product into an experience that customer will value and cherish.



Variability

- Offering the same quality of service each time a customer interacts with the service marketing brand(which helps in image building).

Variability

Lack of consistency

- Managing consistency
- Standardized procedure: industrialize service and cutting interaction
- Customized: taking care of individual
- Educate customers
- Train contact and non-contact employees
- Manage suppliers' quality

Perishability

Lack of ability to inventory

Capacity and demand management

- Managing demand
 - Understanding demand patterns
 - Price, Shift demand
 - Reservation, Overbooking
 - Create promotional events
- Managing capacity
 - Cross-train employees
 - Schedule downtime during periods of low capacity

Management Strategies for Service Business



- Positioning strongly in the chosen target markets
- Effective interaction between customers and employees
- Managing differentiation
- Managing service quality
- Tangibilizing the product

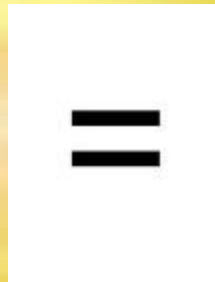
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Management Strategies for Service Hospitality Business

- Tangibilizing the product
- Managing the physical surroundings
- Managing employees
- Managing perceived risk
- Managing capacity and demand
- Managing consistency

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WHAT IS MARKETING MIX.....?



MARKETING MIX

General phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or services to market.”

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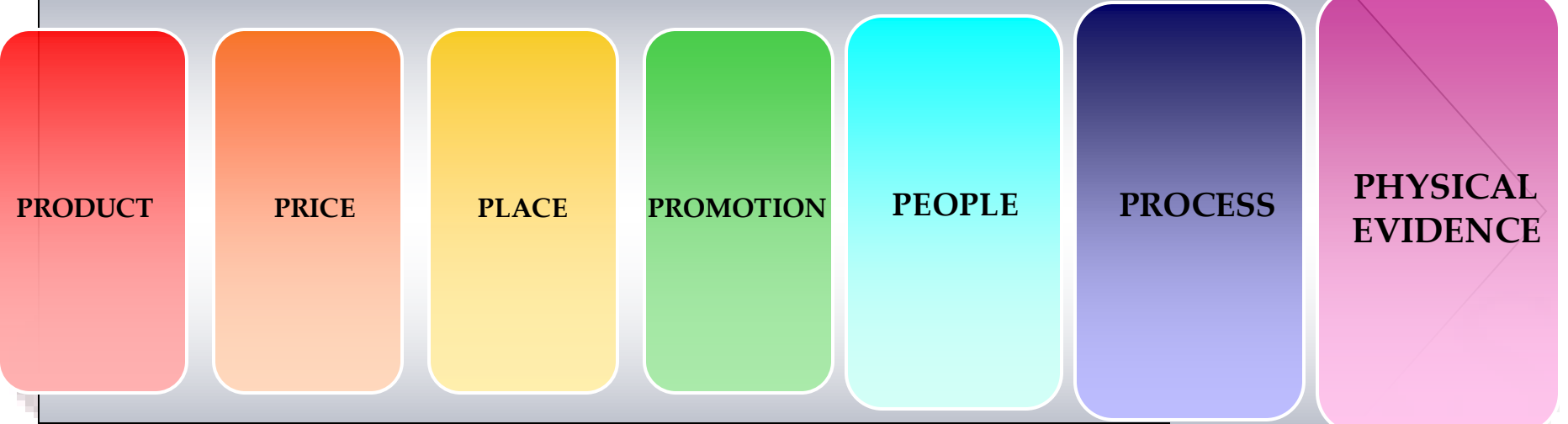
The Ten “P’s” of Tourism Marketing*

- Product
- Place
- Price
- Promotion
- Partnership
- Packaging
- Programming
- Positioning
- People
- Planning

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RAINBOW OF SERVICE MARKETING MIX



U N I V E R S I T Y

1. Product

☐ The tourism product differs from other products due to the wide range it covers

- Accommodations
- Transportation
- Food
- Recreation
- Attractions.

*Often the product includes intangibles such as history, culture and natural beauty.

Many times the hospitality or tourism product is viewed as a “service” in the customer’s eyes.

The closer we can determine how to satisfy the customer’s needs, the more successful the destination will be.

**#1 key of product success in
hospitality**



BENEFITS

Should always aim for:

relaxation

learning

cultural experience

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PRODUCT MIX

Giving a Feel For The “Product” Inside a Service Wrapper .

- Consumers are demanding not products, or features of products but the benefits they will be offered.
- The airline product includes of two types of services:
 1. On the Ground Services.
 2. In-Flight Services.

Airlines service products

- CABIN SERVICE.
- CATERING SERVICE
- RAMP SERVICE.
- OTHER SERVICE.



PRICE

THE AMOUNT IN MONEY FOR WHICH SOMETHING IS OFFERED FOR SALE.



2. Price:

Amount customers' pay for the product or service provided.

A quality tourism experience at a fair price is what the customer is looking for in most cases .

Pricing should be based upon clear-cut goals and objectives:

- Survival

- Profit maximization

- Market share

- Competition or positioning



PRICE MIX

Premium Pricing

Value For Money Pricing

Economic Value Pricing

Low-Pricing

APEX Fares

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3. Place:

The place where customers purchase the tourism product can vary greatly.

Travel agents, tour operators and tour wholesalers are a few examples of the distribution points for tourism products.

Direct distribution: own website or direct purchase in place

Indirect distribution: third party operators:

agencies/affiliates

online websites: travelocity.com, edreams.com, etc.

auctions

PLACE MIX

- Online 24-hour reservation Systems.
- Consolidation.
- Tour Operator/ Travel Agent.
- Affiliated with companies.



4. Promotion

A range of activities can be used to convince customers to buy the product, including

- information kits
- web sites
- advertising
- personal selling
- sales promotion
- travel shows
- public relations.

Utilize tourist information centers, such as welcome centers. Participation with your state, regional and local tourism offices and associations.

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Most important to keep in mind:

- What is the best type of communication channel to use that will reach the target market
- What is the communication objective
- What is the most cost effective type of communication channel

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PROMOTION MIX

Advertising

Publicity

Sales promotion

Word of mouth

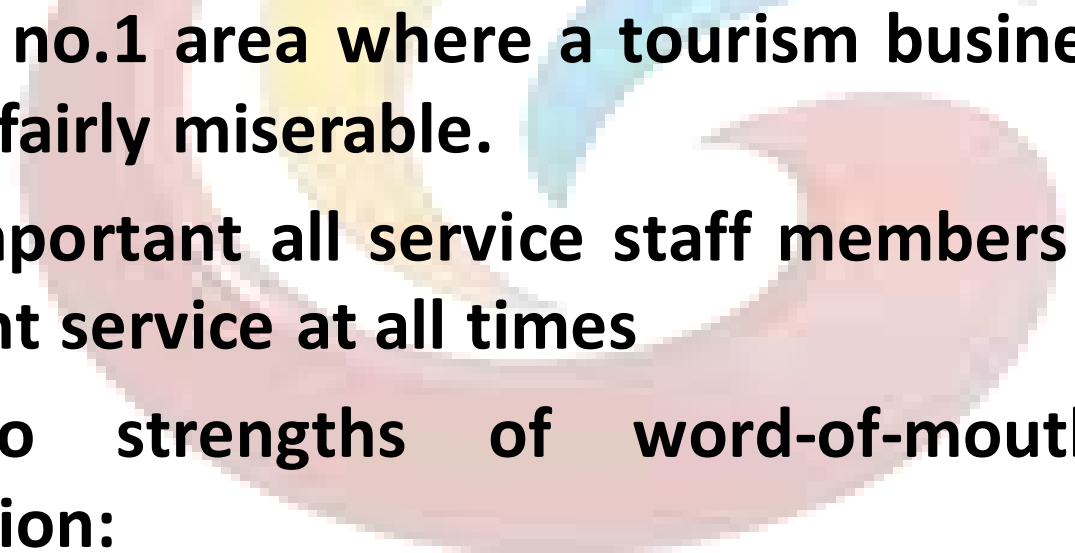
Airlines Advertisement
Needs to Keep in Mind the
Image of Country, The Scenic
Beauty, Tourist Attractions,
Rich Cultural Heritages or
Which Would Attract Number
of Tourists.



People

- **People in the travel and tourism industry**
 - travel agents
 - tourist guides
 - hotel and restaurant staff
 - transport personnel
- **Play an important role in brand building and customer satisfaction.**

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- 
- **It's the no.1 area where a tourism business can go well or fairly miserable.**
 - **Very important all service staff members carry out excellent service at all times**
 - **Due to strengths of word-of-mouth online promotion:**

Service excellence is a paramount.

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PEOPLE MIX

- Competence.
- Reliability.
- caring Attitude.
- Responsiveness.
- Initiative.
- Problem Solving Ability.
- Goodwill.



Process

- Detailed and well documented procedures for addressing every situation and service context supported by infrastructure and IT systems =

consistent and good quality service.

- Administration
- Training
- Planning and strategizing
- Recruitment
- Purchasing
- Distribution
- Service delivery

PROCESS MIX

- Reservation.
- Detailed Information.
- Facilities.
- Personal belongings.
- Meal Service.
- Entertainment.
- Deliver Quality Service.



Physical Evidence

- **Good customer experience is extremely important for generating repeat business and also business from new customer through positive word-of-mouth.**
- **“Tangibilizing the product is a good way of giving positive and attractive hints or clues to potential customers.**

First service, then installations and facilities.

PHYSICAL EVIDENCE

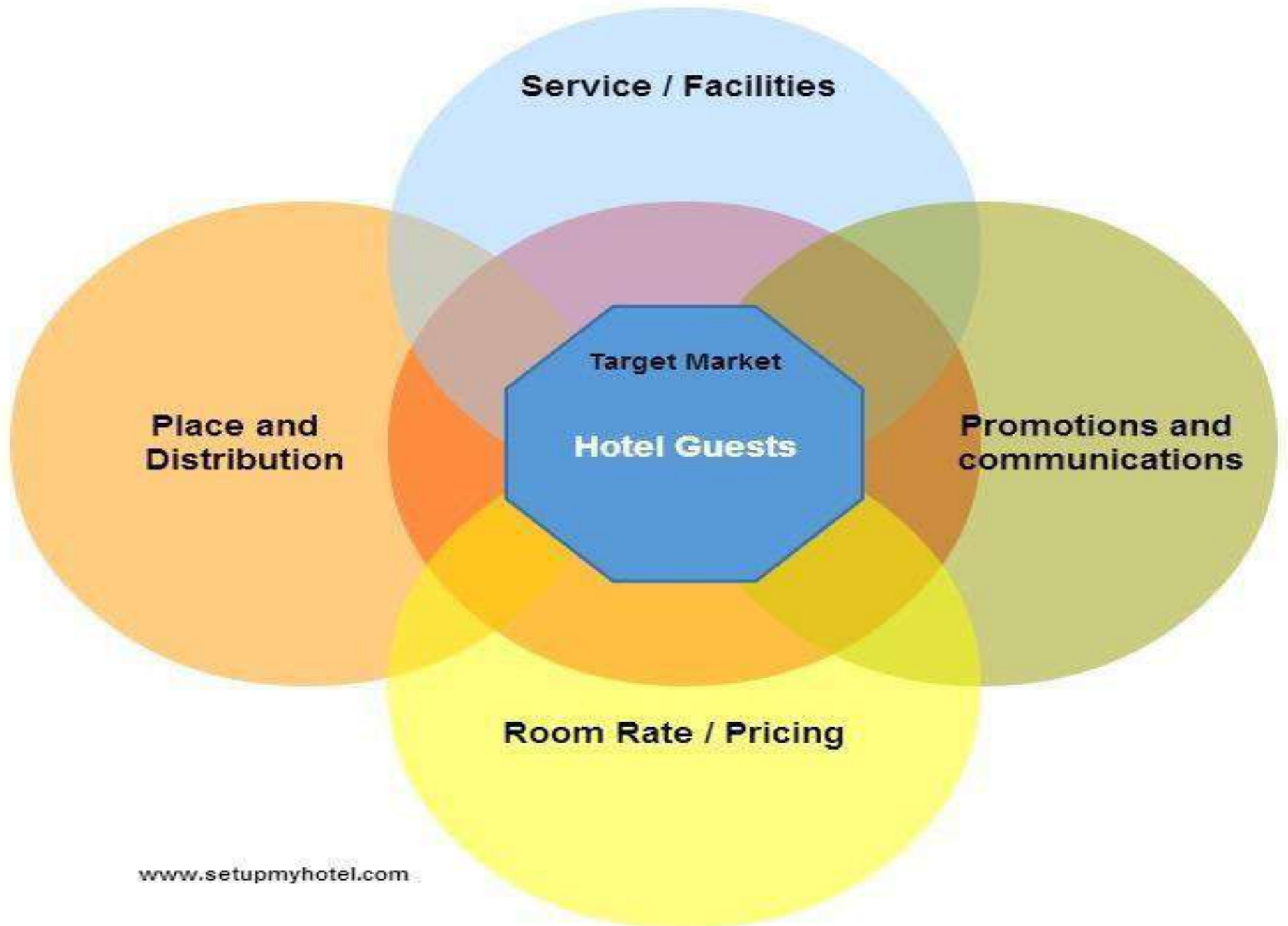
• On the go:

- Booking offices or ticket counters.
- Paperwork.
- Brand Logo.
- Tickets or reservations.

In the place:

- Service professionalism.
- Display configuration.
- Good Inner-exterior.
- Cleanliness.
- Uniforms.
- Ambience.
- Comfortable.
- Labels and descriptions.

Hotel Marketing Mix Chart



The Latest Marketing Strategy in the Hospitality Industry: Spas

- Hotels of every stripe are hopping on this new trend.
- Hotels are replacing health clubs and gyms as fast as they can with spas.
- WHY??
- Time-pressed young business travelers
- average annual growth rate of 16%
- Revenue €9,7 million in 2014
- HOW??
spa-like bathrooms into their suites/rooms/apartments, etc.

The shift: co-branding

- Away from using hotel-branded personal care products
- Great care is being taken by many chains by aligning the hotel brand with the correct spa brand.
- Co-branding = very effective marketing tool.

Examples:

- Starwoods hotels: Bliss Spa
 - Sofitel's LeSpa: using brands Decleor, Carita and Lancome.
 - Marriot launching new brand: Marriott & Spa
- Offering another lifestyle option that generates additional revenues is right on the money

- Questions:
- What do you think of hotels co-branding with spa lines?
- What other examples of co-branding have you seen work well together?
- How do the 7 P's of Hospitality can apply to the spa trend?





V

LOOK LIKE?

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How far should we go for luxury?



Most important aspects to keep in mind

- First touch-point: the fonts, the color and the feel.
- “tangibalizing” the intangible. Make the outside FEEL exactly like the inside.



Second touchpoint:

- Check-in. Pleasant. Room is lovely; bathrobes, nice amenities and view.
- Avoid downsides: nothing to eat or shop. Always should be walking distance.



The view

Ammenities

Comfortable
guaranteed

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More than 5
counters

At least 5-6
languages
spoken: #1
being English

Concierge &
guest relations

Access to pool,
beach front

Bar & lounge

Lobby,
restrooms,
stores

Restaurant



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Last touchpoint:

- Fully equipped and enhanced.
- At least 2-3 elevators
- TV
- Fast Wi Fi 24/7
- 24 – hour guest relations, room service, house keeping, etc
- Mini bar
- Plus: events, live music, concerts, etc.

WHATEVER/WHENEVER®
(really!)



Additional must-haves:

- Breakfast in the cafe: Nice environment, high quality.
- Conference meals
- Fitness facility & Spa
- Unlimited house-keeping and room service
- Currency exchange: easy-to-use and good rates.
- Transport communication: wide space for cabs, buses, et



Guest communication:

TOP Rankings on travel websites:

Trip advisor, Yelp, etc.

- Social Media Activity
- Facebook: 67,000+ likes
- Twitter: 15,100+ followers
- Instagram: 8,200+ followers
- Youtube: 250+ videos



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10 Critical Actions for Enhancing Customer Loyalty: The Case of Travel Companies

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Problems & Issues



- Just 14% of air travel customers are loyal to an airline.
 - 8% of hospitality customers are loyal to a hotel brand.
 - Extensive negative reviews about customer service, attention to detail, and customer relationships.
 - They collectively invested colossal sums to build loyalty programs, the reality is that these
- GAATI GOTTI AS
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What's the best solution?

- Understand today's customer:
- Tech-savvy
- Deal-seeking,
- Wary of the revenue management model: constant price change.
- More inclined than ever to look for bargains.



- Focusing on the customer experience from start to finish
- Getting creative and personal with loyalty rewards, travel brands.

Analyze Weaknesses

- Lack of end-to-end ownership for the sales through product delivery experience
- Revenue-managed variable pricing systems that leave consumers feeling that they did not get the best price
- Pricing models that punish consumers for even trivial use of services

Listen to the Customers



- Key customer needs for product and communication.
- Travel brands must determine what customers want to buy from them and how they want to hear about it
 - prior to purchase and during the travel consumption window.
- Actively Engage in Social Media and Forums.

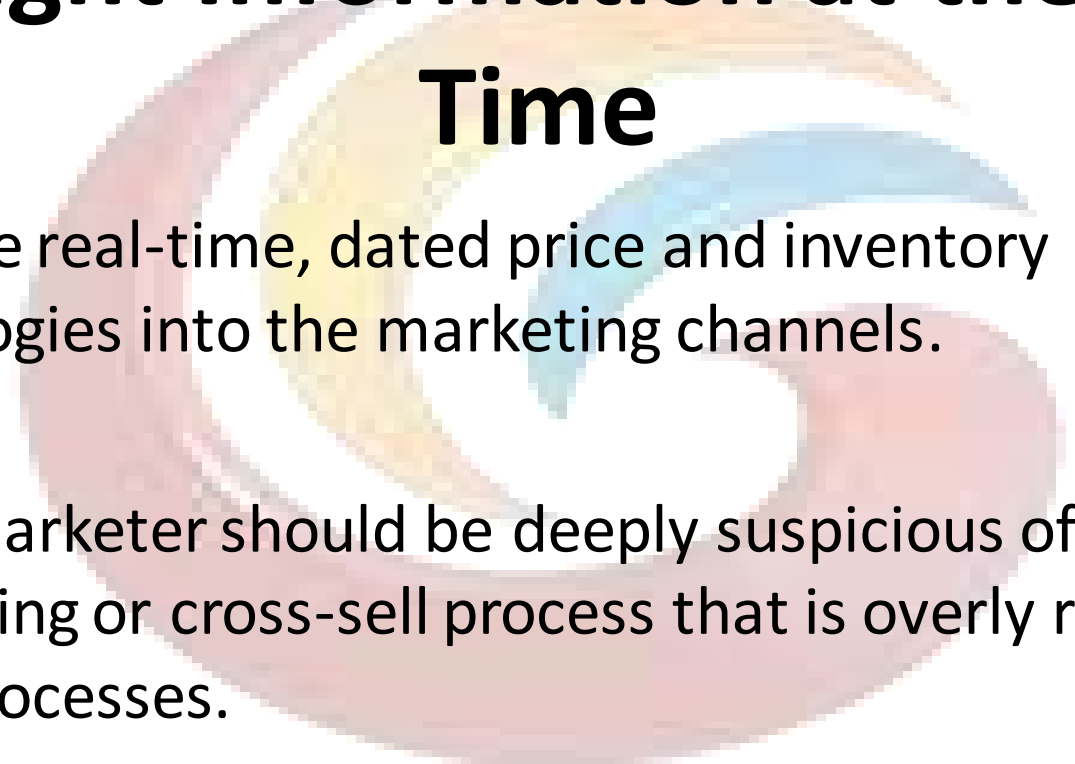
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Data, Data, and More Data



- Capture and apply data about who their customers are and what they are doing, (both in businesses and in the Internet ecosystem)
- Brands must tailor their offers to customer interests and needs.
- Brands must be sure to address in-market customers with content and pricing that is specific to the customer's travel need at hand.

The Right Information at the Right Time



- Integrate real-time, dated price and inventory technologies into the marketing channels.
- Travel marketer should be deeply suspicious of any retargeting or cross-sell process that is overly reliant on batch processes.

Keep the Customer in the Loop

- Travel plans are subject to unexpected changes, but nobody likes surprises
- Any changes to their itinerary. Or reservation must be informed.
- Enable real-time data instrumentation that allows for communication

Get With the Times

- Embrace emerging channels that customers are demanding:
- mobile-optimized websites
- mobile applications,
- social marketing channels (particularly Facebook and Twitter)
- display ad retargeting

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Tie-in Complimentary Services and Useful Information

- People who travel often appreciate consolidating the booking of things (airport shuttles, tours, or rental cars)
- But they also appreciate recommendations on compelling events, venues, restaurants, hikes, beaches, etc.
- Brands must market to specific customer needs and interests during the "golden selling window" from initial product search to the completion of the travel event.

Initial web search

Booking

Additional or extra services

Customer Service Is King



- Recognize and support customer needs during the travel window.
- Even though the sale was made weeks previously, the period approaching the actual travel consumption is the most important time to the consumer
- Impress the customer with excellent service and customer support

Be Creative

- Travel brands need to get creative to surprise and delight customers. (don't look alike the others)
- Brands must do things such as
 - offering unexpected rewards and amenities.
 - remembering customers' birthdays
 - running sweepstakes for free flights or accommodations.

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Rock out at the Hard Rock Hotel.



S
Y

Solicit Feedback

- When the trip is complete, close the loop and follow up with the customer:
- "How did we do?"
- "Is there anything else we should have done or can do for you?"
- A positive feedback could lead to 8 potential customers
- A negative feedback can lead up to 15 uninterested followers.



**An Emotionally Intelligent and
Spirited Staff**

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Human Resource for Hotel Management

- To be great, a hotel needs a team -- both management and front-line staffers – with emotional intelligence:
- intuitive people sense,
- empathy,
- genuineness

Hospitality Personality



- Natural kindness,
 - Graciousness
 - Humor
 - “Joie de vivre.” (Joy of Life)
 - Quietly makes guests feel comfortable and important.
 - A great, five-star hotel employee also thinks things through.
 - Sense of priority
 - Attention to detail
 - Practicality
 - Follow-through
 - Efficiency
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Does the guest feel that a hotel staffer really cares about them?

- Sadly, this happens 10% of the time. (Tripadvisor Research 2014)
- The staff must communicate welcome, in words, smiles, and body language.
- New trend for building score lead:

Meet LQQA VALUES

- What is it?
- Leading Quality Assurance specializes in providing quality assurance audits, benchmarking analysis and training services to the luxury hospitality industry (5 star hotels)

- Enabling to monitor and improve their operating performance

Integrity

- ★ Honest and transparent with clients, colleagues and data

Intelligently Fair

- ★ Based on experience, interpret the standards with empathy, fairness and logic

Respectful Relationships

- ★ Valuing contributions, opinions and time

Innovative

- ★ Continually creating, never complacent

Inspiring Excellence

- ★ Foster a culture of delivering perfection without compromise

Services: Bespoke quality assurance solutions for the hospitality industry.



What
does it
measure?

Anonymous visits over three days/two nights

Measure all aspects of the customer journey

Real time reporting - audit
completed as it happens

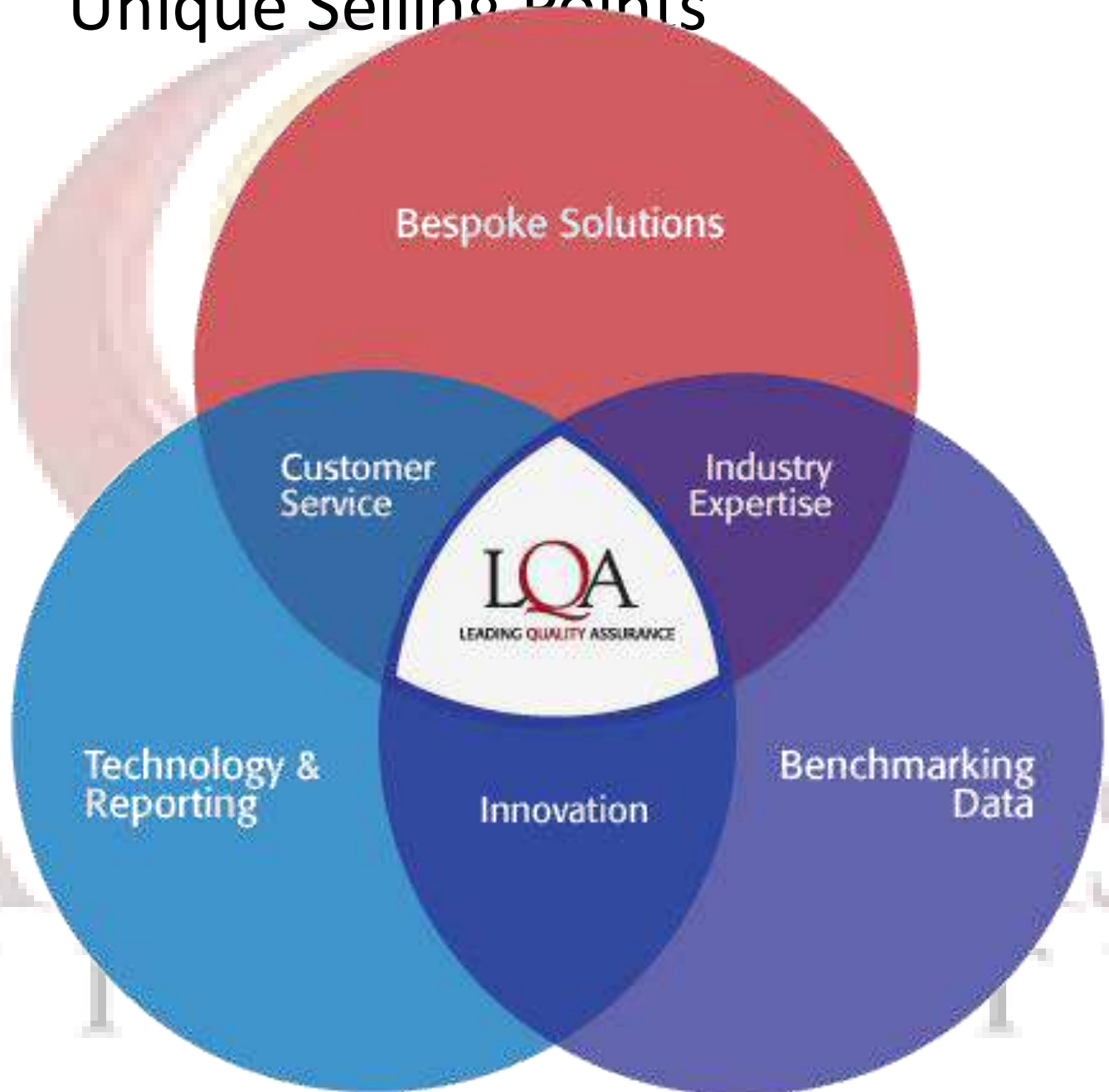
Verbal feedback at check out

Report available online within
two weeks of checking out

All inspection scores input
into our database
for benchmarking
purposes

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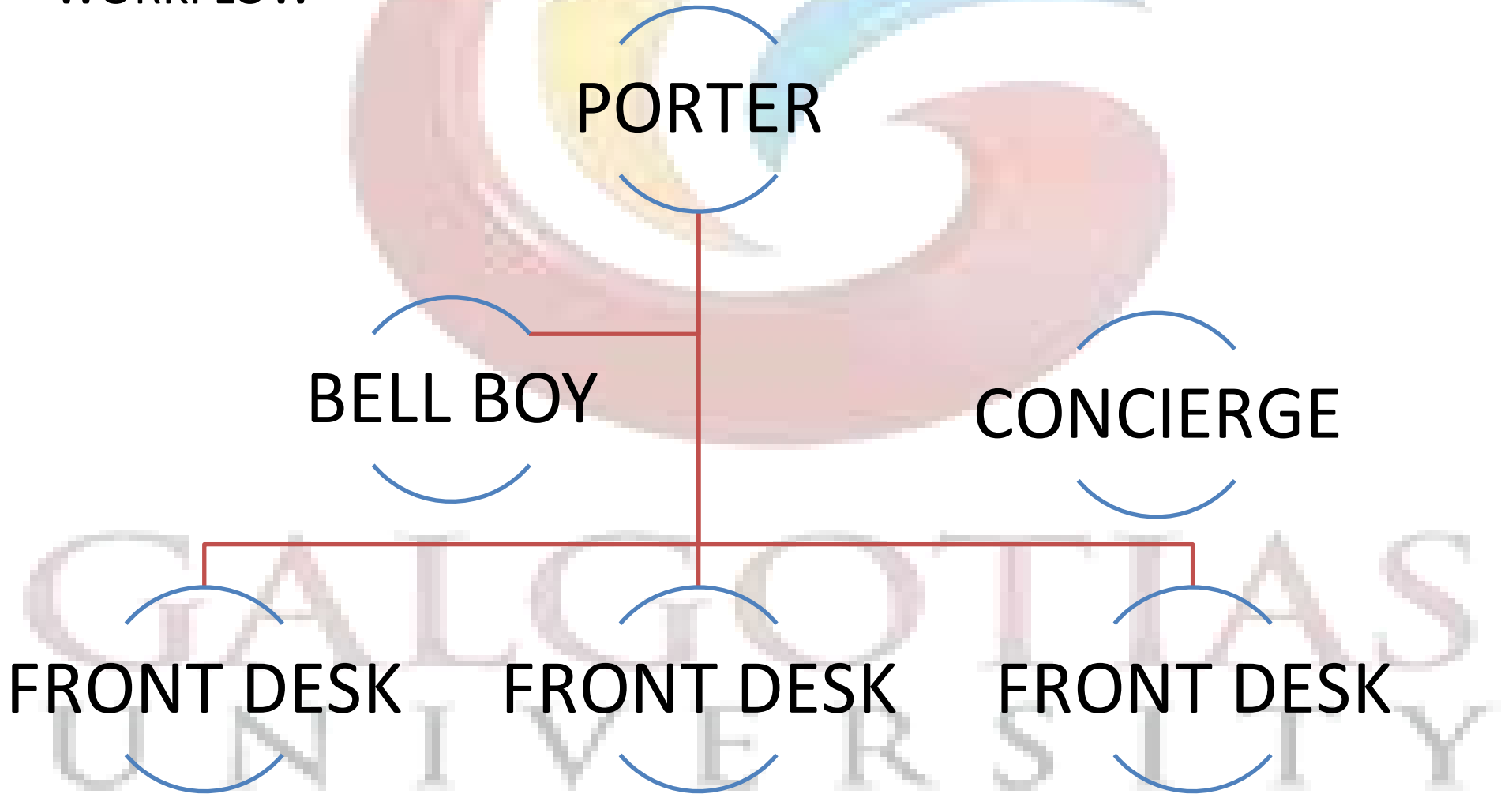
Unique Selling Points



GAINING UNIFORMITY

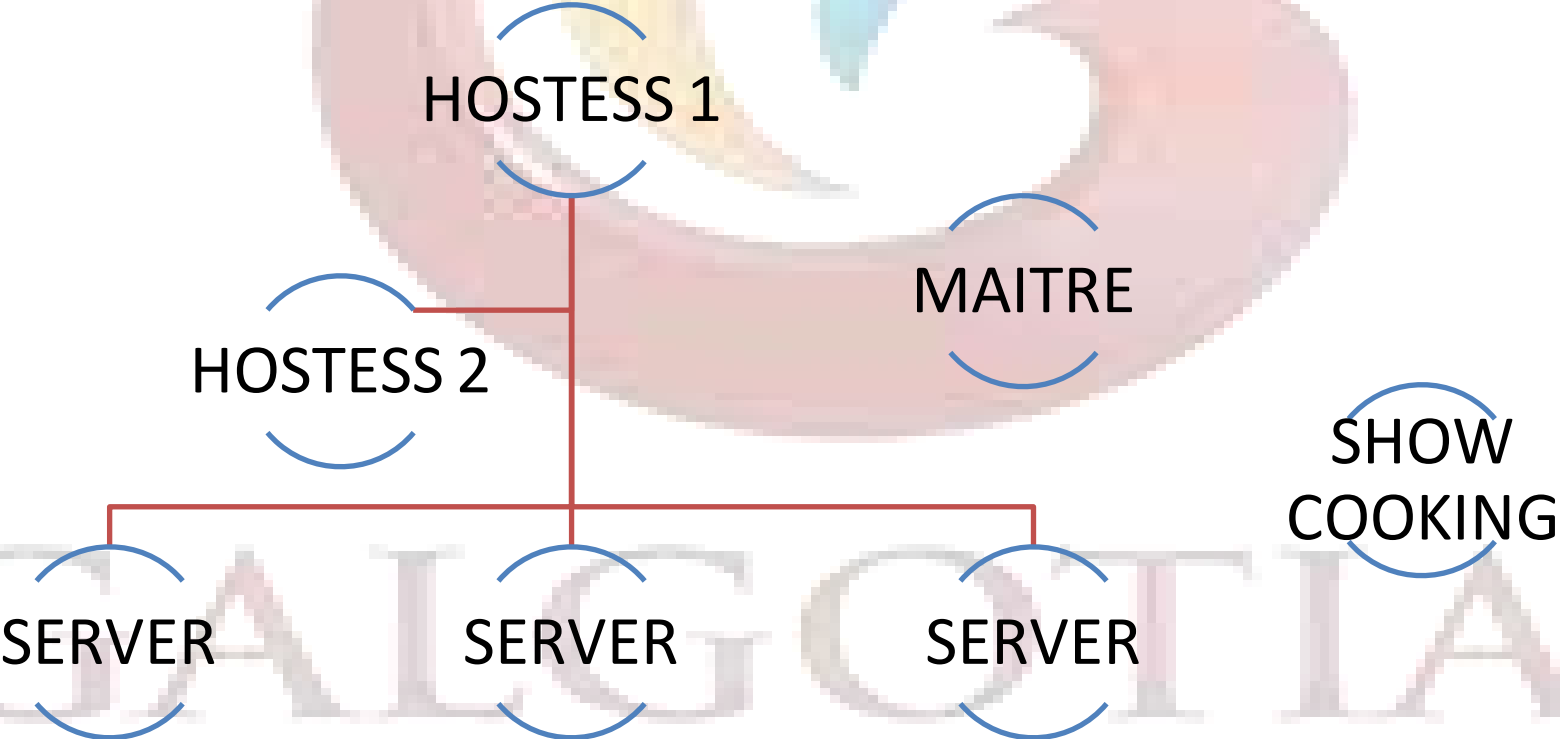
How does it measure?

FRONT DESK
WORKFLOW



RESTAURANTE DROLMA-LOUNGE

WORKFLOW



CHECK OUT PROCESS



ACKNOWLEDGING

GREETINGS

CHECK SERVICE

CONFIRM BILL

TRANSFER TO
BELLHOP

FAREWELL

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ROOM SERVICE



Upfront Training!

- Directly tied to the international best practice standards assessed during an LQA audit.
 - The training is fun, interactive, practical and aimed at all levels of staff.
-
- Guest Care
 - Front Office Skills
 - Reservation Skills
 - Housekeeping Skills
 - Food & Beverage Service Skills
 - Food & Beverage Sales Skills
 - Spa Service Skills
 - LQA Standards Seminar
 - Manage the Standards
 - Operational Analysis

TRAINING PROCESS



Techniques

- Flashcards
- Role Play
- Practical & Useful Vocabulary (common phrases and replies)
- Pronunciation
- Audio material

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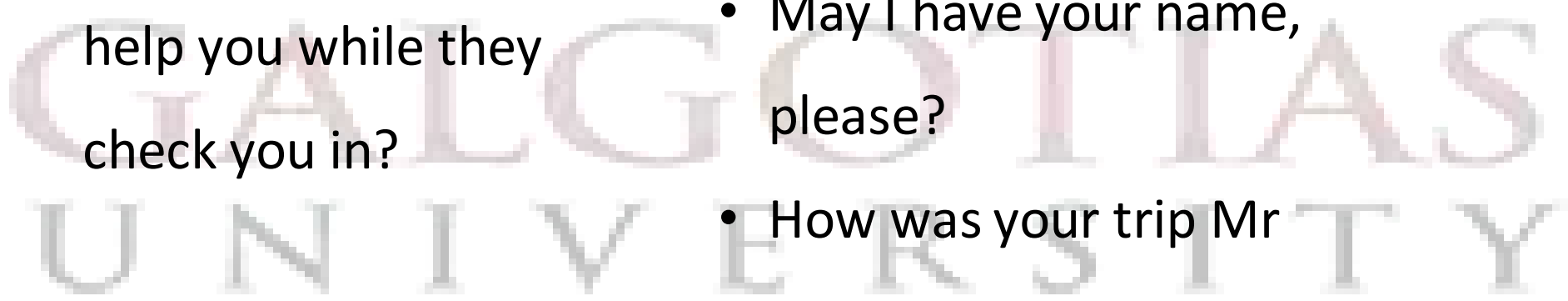
Front Desk Check in

ACKNOWLEDGING

- I will be with you in just a second
- I do apologize for the waiting, is there anything that I can help you while they check you in?

GREETING

- Good morning (miss, madam, sir...)
- Good afternoon
- Good evening
- Welcome to the Hotel Majestic
- How may I help you?
- May I have your name, please?
- How was your trip Mr Smith?



CONFIRMATION RESERVATION

- Was the reservation under the same name?
- May I have your passport please?
- Mr. Smith I see that you will be staying with us for X nights; is that correct?
- I have your check out for (DATE) is that correct?
- We have you on a :
 - Ranking of rooms
- I just want to mention that Breakfast is *included* in your room rate. Great choice, you will see that we have a great selection of our local products
- I just want to mention that Breakfast is not *included* in your room rate. But I will strongly suggest you that you try it one day and you will be delighted.

- I also want to inform you that the Hotel is not smoking
- I also notice that you request: XXXXXXXX (state the request), I'm glad to inform you that we were able to do it by XXXXXXXXXX (State the solution)
- I also notice that you request: XXXXXXXX (state the request), I'm sorry to inform you that we weren't able to fulfill the request, but we take note of it, (State possible solution or alternative)
- Would you like to have any local or international newspaper delivered to your room? We have:
OPTIONS

ROOM NOT READY/READY

- Mr. Smith, I just want to mention that the check-in time is at 3pm, but let me check if the room is ready before the check in time
- Would you like to wait at the bar-Terrace-Spa while you wait for your room? Here is a WIFI code that you can use during your stay.
- You can leave your bags here until your room is ready
- I'm glad to inform you that your room is ready



ASK FOR DOC AND METHOD OF PAY.

- We require a credit card for a deposit.
- Due to your room rate .We need to pre- authorize your stay

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GIVE HOTEL INFORMATION

- Is this your first time at the hotel?
- When the answer is yes: Just for your reference, the breakfast is served from 7 to 11 in the morning on the first level and also we have a beautiful terrace-Spa on the 10th floor with one of the best views.
- Are you here for business or leisure?
- If there is any place or restaurant you would like to visit while you are here. Our concierge /Guest service could arrange it for you.

GIVE HOTEL ROOM CARD

- Could you please sign this for me confirming the days of your stay, and please put your email address. (if customer ask why: in case of any Lost & Found)

TRANSFER TO BELLHOP

- Mr Smith. The bellboy (NAME) will take your luggage and take you to your room. Is there anything else I can help you with, Sir?
- (BELL HOP NAME) will you please take Mr. Smith to his room?

FAREWELL

- Thanks for choosing us and enjoy your stay.
- My name is NAME, if you need anything, please call me at anytime.
- Let me know if you need anything else
- We hope you enjoy your stay
- Let me know if I can be of further assistance
- Have a good day
- Have a good afternoon (or evening)
- Have a good night

EMPLOYEE NAME

POSITION

JB

ICT

RP

C

EVALUATION

Scores: 1 to 10 Highest Score 10

Oral Performance body language, eye contact etc.,

1 2 3 4 5 6 7 8 9

Pronunciation and intonation

1 2 3 4 5 6 7 8 9 10

Clarity of expression and voice projection

1 2 3 4 5 6 7 8 9 10

Speed of delivery

too slow 1 2 3 4 5 6 7 8 9 10 too fast

English accuracy

1 2 3 4 5 6 7 8 9 10

COMMENTS

REVIEW VIDEO

Practice engaging in a variety of authentic professional situations.

linguaTV

with the exception of one adjoined room.

sąsiedniego pokoju



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LET'S REVIEW

ACKNOWLEDGING

GREETINGS

CHECK SERVICE

CONFIRM BILL

TRANSFER TO
BELLHOP

FAREWELL





The Role of Marketing in Strategic Planning

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Objective

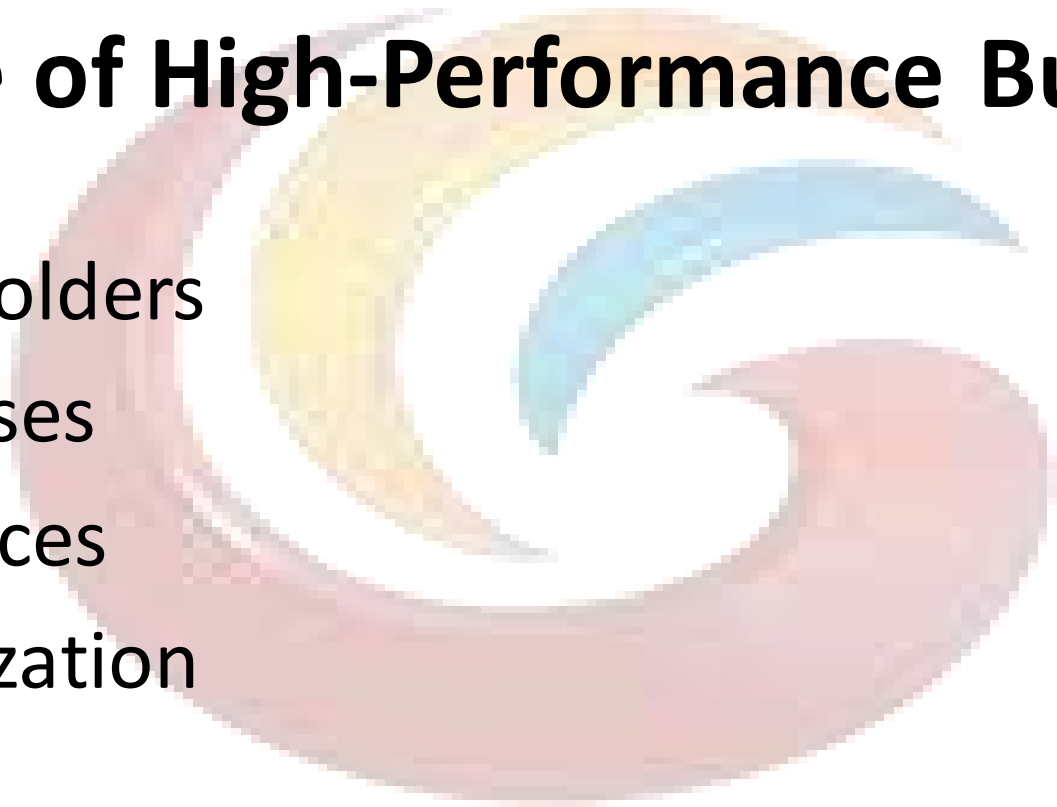
- Explain company-wide strategic planning
- Understand the concepts of stakeholders, processes, resources, and organization as they relate to a high-performing business
- Explain the four planning activities of corporate strategic planning

Market-Oriented Strategic Planning

- Market-oriented strategic planning is the managerial process of developing and maintaining a feasible fit between the organization's objectives, skills and resources and its changing market opportunities

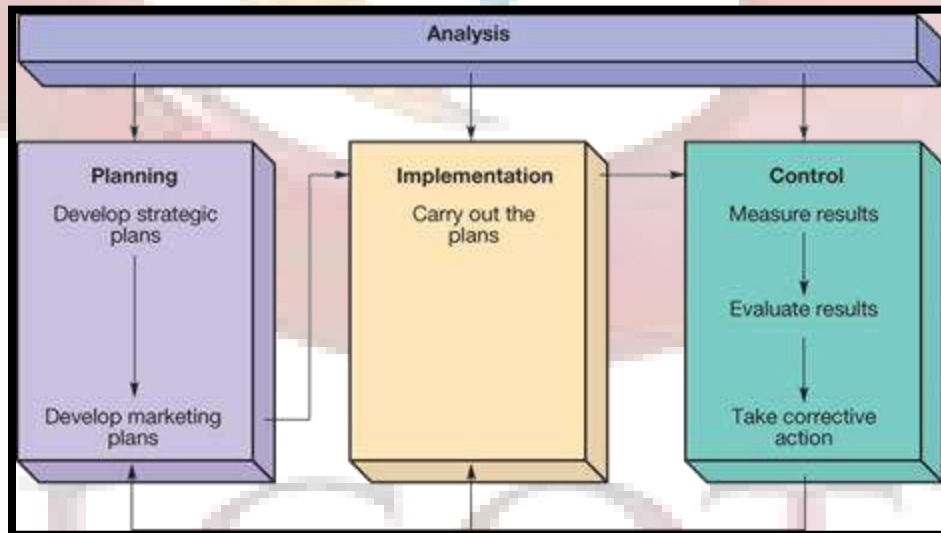
Nature of High-Performance Business

- Stakeholders
- Processes
- Resources
- Organization

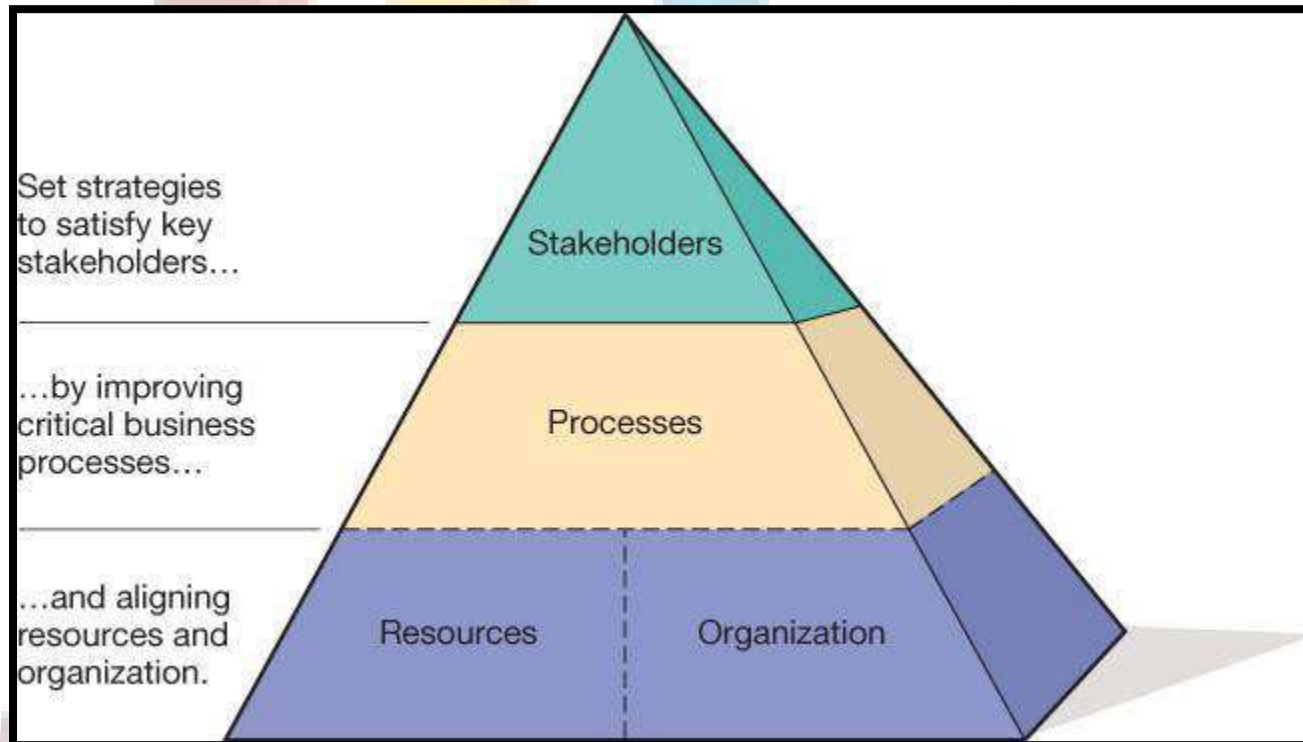


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The Relationship Between Analysis, Planning, Implementation, and Control



The High Performance Business



Strategic Planning

Strategic planning is the process of developing and maintaining a feasible fit between the organization's objectives, skills, and resources and its changing marketing opportunities

(Kotler et.al(2012 pg38)

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Strategic Planning

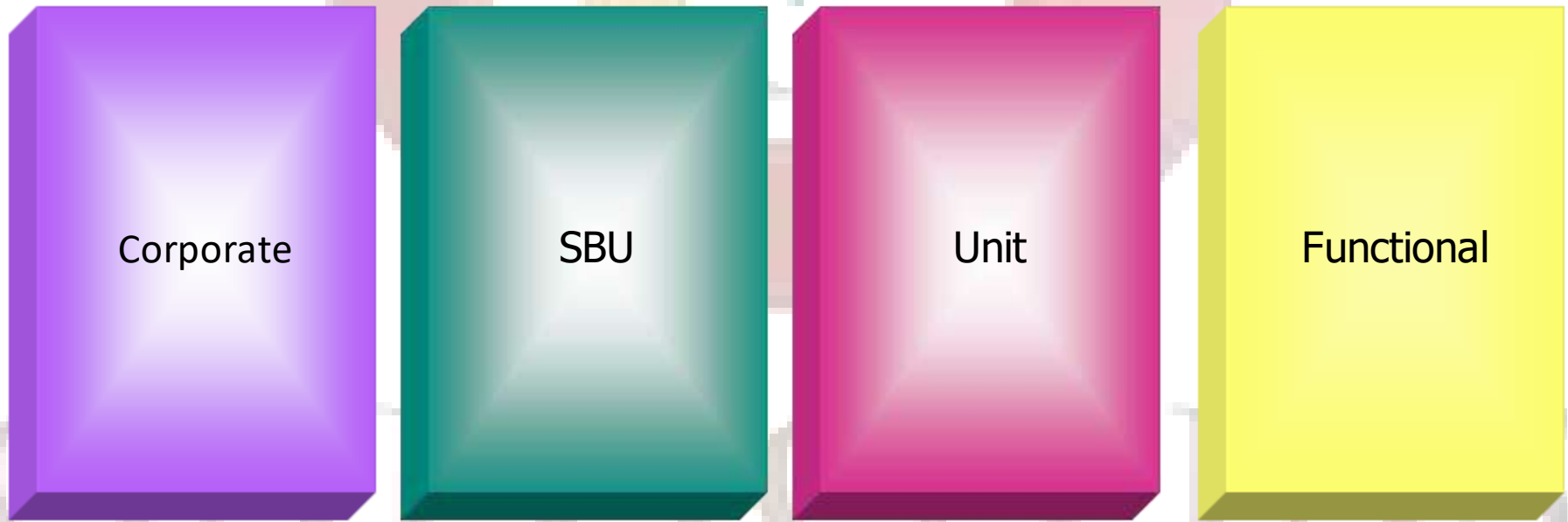
According to Kotler et.al (2012) Company-wide strategic planning guides marketing strategy and planning. Like marketing strategy, the company's broad strategy must also be customer oriented

Reasons for Planning

Kotler posit the following :

- if one does not know where we are going any road will take us there.
- The essence of strategic planning is the contemplation of current decision choices in the light of their probable outcome in the future
- The future is unpredictable however it is not a arbitrary stroll.

Four Organizational Levels of Strategic Planning



Source: Marketing for Hospitality and Tourism, 3e
Philip Kotler, John Bowen, James Makens

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Upper Saddle River, NJ 07458

Four Steps in Corporate Strategic Planning Process

1. Defining the corporate mission.
 2. Establishing strategic business units (SBU).
 3. Assigning resources to each SBU.
 4. Developing growth strategies
- (Kotler et.al pg 38-

Corporate Strategic Planning (cont.)

Defining the corporate mission

1. Mission

- The organization's mission should define the competitive scopes within which the company will operate. Industry scope, products and applications scope, competencies scope, market-segment scope, and vertical scope.
- should be *market oriented* and defined in terms of satisfying basic customer needs.
- Products and technologies eventually become outdated, but basic market needs may last forever.

Corporate Strategic Planning (cont.)

Defining the corporate mission

1. Mission

Questions to ask in establishing Mission!

- What *is* our current business?
- Who is the customer?
- What do consumers value?
- What do we do best?
- What *should* our business be?
- What are the values/ethics of the company?

Corporate Strategic Planning (cont.)

Defining the corporate mission

2. Establishing Strategic Business Units

Business portfolio: The collection of businesses and products that make up the company. (Kotler 2012 pg 40)

- Define Strategic Business Units by need rather than product.
 - food vs patty
 - Convenience food fried chicken etc
 - Defining business by product lead to
- Defined in terms of satisfying basic customer needs to Marketing myopia – communication vs blackberry phone.

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Corporate Strategic Planning (cont.)

Defining the corporate mission

2. Establishing Strategic Business Units

Kotler contends the following :

- ✓ The best business portfolio is the one that best fits the company's strengths and weaknesses to opportunities in the environment.
- ✓ Business portfolio planning involves two steps.
 - ✓ First, the company must analyze its *current* business portfolio and determine which businesses should receive more, less, or no investment.

Portfolio analysis

The process by which Management evaluates the products and businesses that make up the company.

(Kotler et.al 2012 pg 42)

Corporate Strategic Planning (cont.)

Defining the corporate mission

2. Establishing Strategic Business Units

Kotler contends the following :

- ✓ Second, it must shape the *future* portfolio by developing strategies for growth and downsizing.

The purpose of strategic planning is to find ways in which the company can best use its strengths to take advantage of attractive opportunities in the environment.

Corporate Strategic Planning (cont.)

Defining the corporate mission

3. Assigning Resources to Each SBU

- The best-known portfolio-planning /analytical tools is the Boston Consulting Group growth-share matrix are used to guide management in evaluating each SBU.

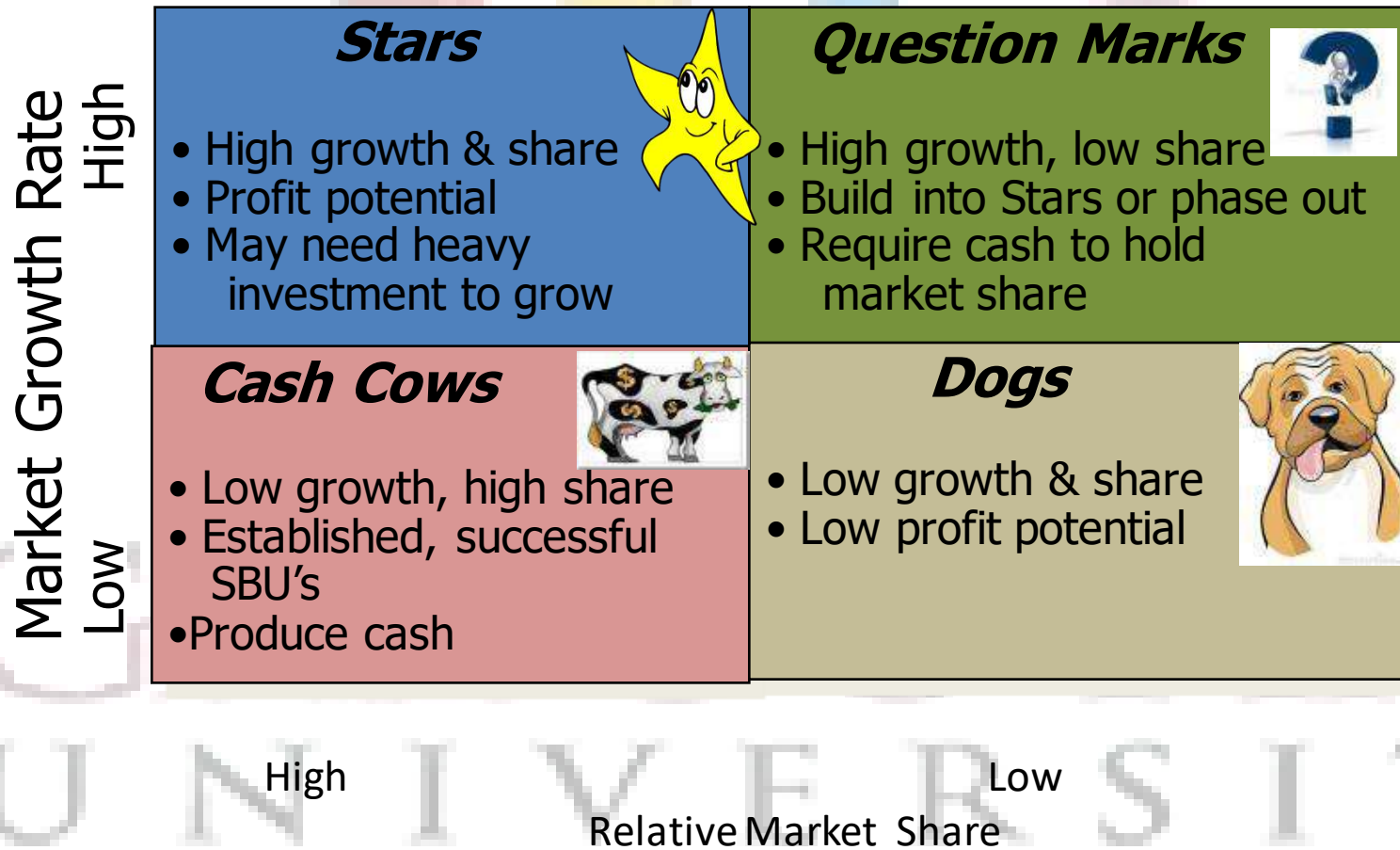
Growth-share matrix

A portfolio-planning method that evaluates a company's SBUs in terms of its market growth rate and relative market share.

(Kotler.....)

- Anticipate changes

Analyzing Current SBU's: Boston Consulting Group Approach



Limitations of the Boston Consulting Group Approach

Porter contend that the BCG matrix exhibits the following weaknesses:

1. Market growth rate is only one factor in industry attractiveness:-
 - relative market share is only one factor in competitive advantage.
 - The growth-share matrix overlooks many other factors in these two important determinants of profitability.
2. The framework assumes that each SBU is independent of the others.
 - In some cases, a business unit that is a "dog" may be helping other business units gain a competitive advantage.

Limitations of the Boston Consulting Group Approach

3. The matrix depends heavily upon the breadth of the definition of the market.
 - A business unit may dominate its small niche, but have very low market share in the overall industry.

In such a case, the definition of the market can make the difference between a dog and a cash cow.

(adapted from: <http://www.netmba.com/strategy/matrix/bcg/>)

Corporate Strategic Planning (cont.)

4. Developing Growth Strategies

- **Intensive growth opportunities:** Identify further opportunities to achieve growth within the company's current business.
 - **Market penetration strategy** seeks to increase current products in current markets.
 - **Market development strategy** looks for new markets in which current products can expand.
 - **Product development strategy** considers new product possibilities

Corporate Strategic Planning (cont.)

- **Diversification growth opportunities:** Identify opportunities to add attractive businesses that are unrelated to the company's current businesses.
 - **Concentric diversification strategy:** Company seeks new products that have technological and/or marketing synergy with existing product lines, even though the product may appeal to a new class of customers

Corporate Strategic Planning (cont.)

- **Horizontal diversification strategy:**
Company searches for new products that could appeal to its current customers though technologically unrelated to its current product line.

• **Conglomerate diversification strategy.**- Financial Institutions getting into real estates or farming business

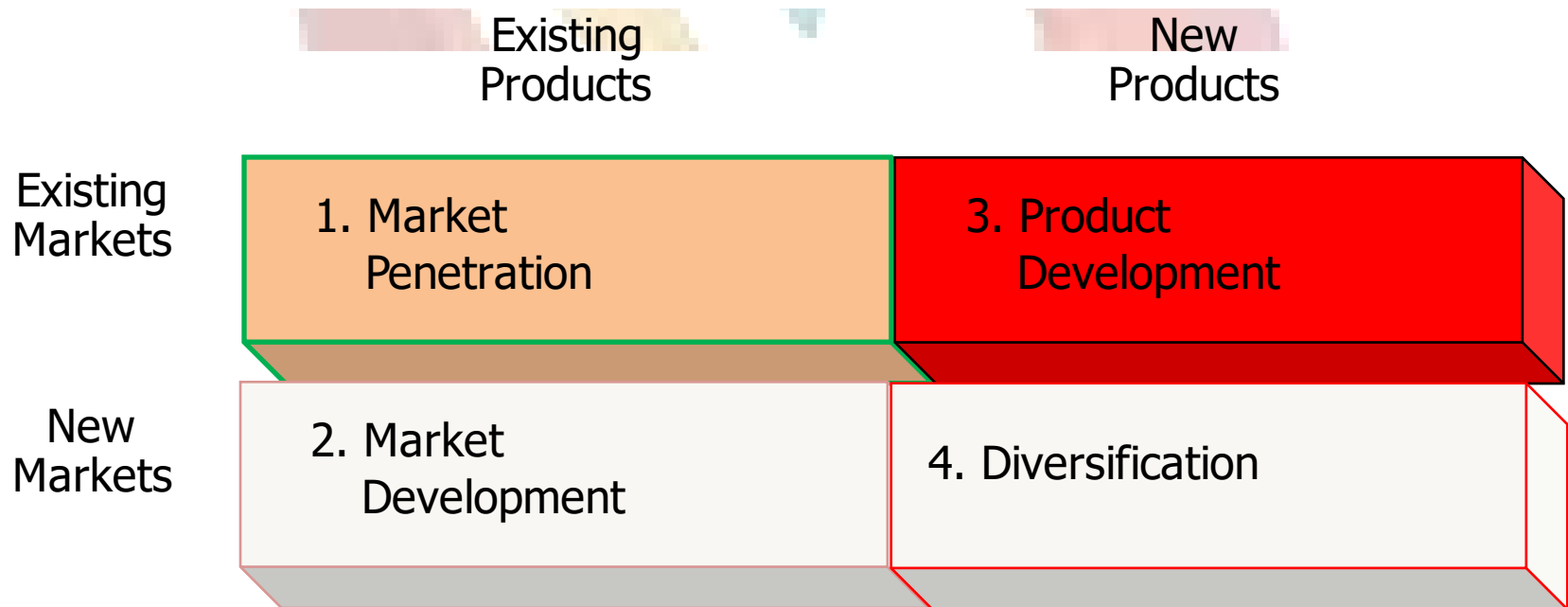
Corporate Strategic Planning (cont.)

- **Integrative growth opportunities.**
 - **Backward integration:** An Agro-Processing company acquiring one of its supplier' farms.
 - **Forward integration:** Agro Processing company acquiring a distribution chain. conglomerate
 - **Horizontal integration:** An Agro-Processing company acquiring one or more competitors, provided the government does not bar the move.
or Digicel acquiring Claro

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Developing Growth Strategies in the Age of Connectedness

Product/ Market Expansion Grid



Adapted from Kotler. pg44

Developing Growth Strategies in the Age of Connectedness

Product/ Market Expansion Grid

Product/market expansion grid:-

A portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, or diversification

Business Strategy Planning –Planning at the SBU Level

- 1. Business mission**
- 2. External environment analysis**– opportunities and threats
- 3. Internal environment analysis**– strengths and weaknesses
- 4. Goal Formulation** (*What do we want?*)–The vision

Business Strategy Planning (cont.)

5. Strategy Formulation (*How do we get there?*)

- **Michael Porter's three generic types of strategy:**
 - Overall cost leadership
 - Differentiation
 - Focus
- **Strategic Alliances:** companies need to form strategic alliances with domestic or multinational companies that complement or leverage their capabilities and resources to achieve leadership nationally or globally.

Business Strategy Planning (cont.)

- 6. Program formulation.** Corporations must develop hiring, training, advertising, and other programs to support their strategy.
- 7. Implementation.** If A firm is going to be successful , it must communicate its strategy to its employees and it must have the resources to carry out its strategy.

Business Strategy Planning (cont.)

8. Feedback and control are unquestionably essential to track outcomes and monitor new developments in the market environment.

“If you don’t have a competitive advantage, don’t compete.”

- Jack Welch

“At Preferred Hotels & Resorts, we believe that the product preferences of affluent customers are as diverse as the consumers themselves.”

- Peter Cass



Purpose of a Marketing Plan

- Provides a road map for all marketing activities of the firm for the next year
- Ensures that marketing activities are in agreement with the corporate strategic plan
- Forces marketing managers to review and think through objectively all steps in the marketing process
- Assist in the budgeting process to match resources with marketing objectives
- Creates a process to monitor actual against

Marketing Plan Sections

- I. Executive Summary
- II. Corporate Connection
- III. Environmental Analysis and Forecasting
(Positioning Statement)
- IV. Segmentation and Targeting
- V. Next Year's Objectives and Quotas
- VI. Action Plans: Strategies and Tactics
- VII. Resources Needed to Support Strategies and
Meet Objectives
- VIII. Marketing Control
- IX. Presenting and Selling the Plan
- X. Preparing for the Future

Section I: Executive Summary

👉 A few tips in writing the executive summary

- Write it for top executives
- Limit the pages to between two and four
- Use short sentences and paragraphs
- Avoid using words that are unlikely to be understood.
- Organize the summary as follows:
describe next year's objectives in quantitative terms; briefly describe marketing strategies to meet goals and objectives, including a description of target markets; describe

Environmental Analysis and Forecasting

- **Positioning Statement:**

- A marketing plan should provide a positioning statement of how the enterprise **intends to differentiate** – position itself in the marketplace  **Advertising Sources**

-  **Due to confused array of strategy and tactics, the desired position let's them know stakeholders and publics.**

-  **American Air vs Southwest Air**

- **Major Environmental Factors**

- **Social:** crime, demographics, geographic

-  **Hotel market in India vs America**

- **Political:** legislation, taxes

-  **local policies and international policies.**

-  **No tax, Exchange Policy**

- **Economic:** lodging and cruising sectors are highly sensitive to business-cycle movement

Cont..

- **Competitive Analysis:** Scales and contents, guests, sales force and their abilities.
- **Market Trends**
 - **Visitor Trends:** Business sources
 - **Competitive Trends:** all concerned
 - **Related Industry Trends:** Opportunities
 - ☞ **Select only those trends that are useful in developing the plan.**
- **Market Potential:** should be viewed as the **total available demand** for a hospitality product within a particular geographic market at a given price.
 - ☞ **Search from All suite hotel to budget motel**
- **Never assume** that market potential is static or that it is unimportant to marketing success.
- **“Guesstimates”** ← **meet competitors**
- **Market Research**
 - **Macromarket information**
 - Industry trends, social-economic political trends, competitive information, industry wide customer data, etc.,

Market research

- Market Research

- Micromarket Information

- Guest information, product/service information, new product analysis and testing, intermediary buyer data, pricing studies, key account information, advertising/promotion effectiveness
 - Marketing/Advertising/Sales managers need **a continuous flow of reliable informations(through PMS)** → essential for the coming year.

Segmentation Targeting and positioning

- **Segmentation Analysis** is the selection of segments as the result of
 - **Understanding** what the company is and what it wishes to be
 - **Studying available segments** and determining if they fit the capabilities and desires of the company to obtain and secure them

☞ **Refer to Embassy Suite in Dallas**



- **Segmentation Analysis**

- **A marketing plan tells you;**

- 👉 **Who is using your hotel?**

- 👉 **Who might be using your hotel?**

- 👉 **Where you can look to expand your business?**

- **Marketers must look to both internal and external data sources for information concerning market segments—refer to 776**

• Targeting

- Begins by defining the mix of desired guests
 - support the positioning strategy of the company
 - support revenue management
- Selected from the list of available segments

👉 **Majority of target market will remain the same and new one appear**

Benefits of Segmentation

- Effective use of resources
- Gain a focus
- Create Value for a target market
- Positioning

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Steps in Market Segmentation, Targeting, and Positioning

Market Segmentation

1. Identify bases for segmenting the market
2. Develop segment profiles

Market Targeting

3. Develop measure of segment attractiveness
4. Select target segments

Market Positioning

5. Develop positioning for target segments
6. Develop a marketing mix for each segment

Step 1. Market Segmentation

Levels of Market Segmentation

Through Market Segmentation, Companies Divide Large, Heterogeneous Markets into Smaller Segments that Can be Reached More Efficiently And Effectively With Products and Services That Match Their Unique Needs.

Mass Marketing

Same product to all consumers
(no segmentation, i. e. a commodity)

Segment Marketing

Different products to one or more segments
(some segmentation, i.e. Marriott)

Step 1. Market Segmentation

Geographic Segmentation



International

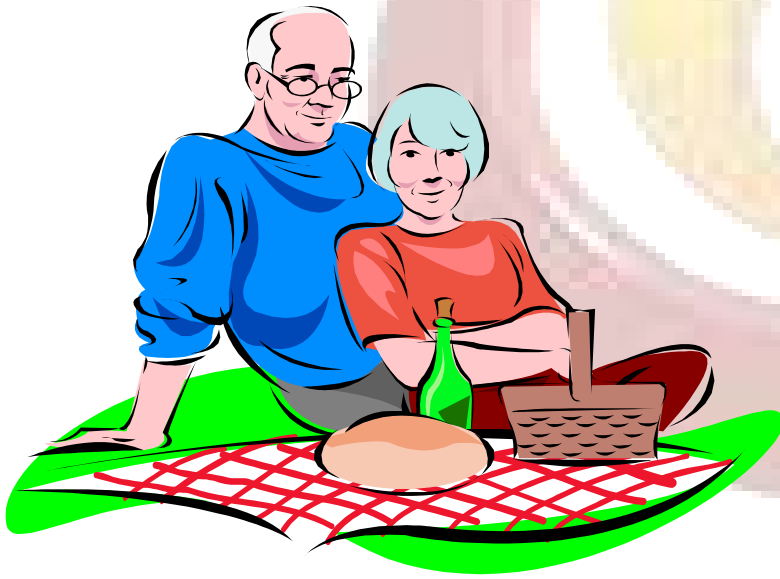
Accor

National

Regional/City

Step 1. Market Segmentation

Demographic Segmentation



- Dividing the market into groups based on variables such as:
 - Age
 - Gender
 - Family size or life cycle
 - Income
 - Occupation
 - Education
 - Religion
 - Race
 - Generation
 - Nationality

Most Popular Bases & Easiest to Measure

Step 1. Market Segmentation

Psychographic Segmentation

Divides Buyers Into Different Groups Based on:

Social Class

Lifestyle

Personality

G A S
U N I V E R S I T Y

Step 1. Market Segmentation

Behavioral Segmentation

- Dividing the market into groups based on variables such as:
 - Occasions
 - Benefits
 - User status
 - Usage rate
 - Loyalty status
 - Readiness stage
 - Attitude toward product



Step 1. Market Segmentation

Segments must respond differently to different marketing mix elements & programs

Requirements for effective segmentation

Measurable

- Size, purchasing power, profiles of segments can be measured.

Accessible

- Segments can be effectively reached and served.

Substantial

- Segments are large or profitable enough to serve.

Actionable

- Effective programs can be designed to attract and serve the segments.

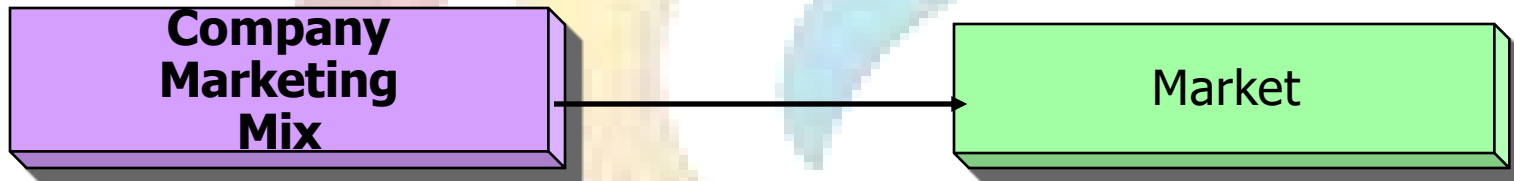
Evaluating Market Segments

- Segment size and growth
- Segment structural attractiveness
- Company objectives and resources

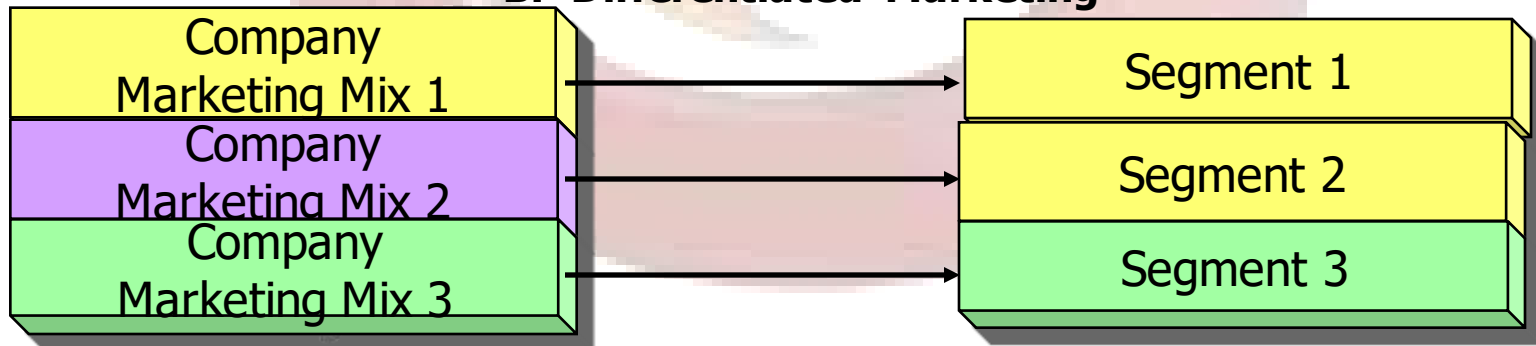
Step 2. Market Targeting

Market Coverage Strategies

A. Undifferentiated Marketing



B. Differentiated Marketing



C. Concentrated Marketing



Choosing a market-coverage strategy

- Company resources
- Degree of product homogeneity
- Market homogeneity
- Competitors' strategies

Step 3: Positioning for Competitive Advantage

- Product's Position - the way the product is *defined by consumers* on important attributes - the place the product occupies in consumers' minds relative to competing products.

Marketers must:

- *Plan* positions to give their products the greatest advantage in selected target markets

Positioning Strategies

- Positioning by specific product attributes
- Positioning by benefits
- Positioning for user category
- Positioning for usage occasion
- Positioning against another competitors
- Positioning against another product class

Steps to Choosing and Implementing a Positioning Strategy

- Step 1. Identifying Possible Competitive Advantages: Competitive Differentiation.
- Step 2. Selecting the Right Competitive Advantage: Unique Selling Proposition (USP).
- Step 3. Communicating and Delivering the Chosen Position.

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Product Differentiation

- Physical attributes
- Service differentiation
- Personnel differentiation
- Location
- Image differentiation

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Which differences to promote?

- Important to customers
- Distinctive
- Superior
- Communicable to customers
- Preemptive
- Affordable
- Profitable

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