

MELVYN GREENE

MARKETING HOTELS INTO THE 90s

A systematic approach to increasing sales



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TO INCREASING SALES

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PREFACE

This book is based on my past experience of marketing hotels and on my thoughts about the future.

My consultants have worked in most countries in the Western world, and I have visited most of them. Countries in which I have actually worked, rather than just visited, are:

Belgium	Ireland	Nigeria
Britain	Israel	Portugal
Canada	Italy	Spain, Majorca, Ibiza
Cyprus	Jamaica	Swaziland
France	Kenya	Tanzania
Holland	Malta	Tunisia
India	Mauritius	USA

I am therefore familiar with the problems of hoteliers in many countries and have written the book with this in mind. The principles contained in it can be applied internationally, not just in my native country, Britain, or in America where I have had many years of experience.

Although the book is about hotels, a major proportion of it is intended also for restaurateurs and executives in all forms of commercial catering and food service, where the principles of marketing are equally applicable.

I have deliberately avoided including a mass of statistics in this book. What I am more interested in is inspiring you, the person reading these words at this moment, to make sure that if there is growth you obtain your share of it. That you pick the segments where there will be growth. And if there is no growth that you stay profitable by beating the average.

Melvyn Greene

ACKNOWLEDGEMENTS

Readers who know me will recall the difficult personal circumstances when I started to write this book. There were various people who urged me to write it. Unfortunately, there are too many to name them all. But there were a few people who gave me specific help and I would like to acknowledge this with my sincere thanks.

Firstly, Sir Maxwell Joseph who died before publication. He wrote the Foreword and I will never forget how he helped me many times in my career.

There was Robin Henderson, financial controller of Thistle Hotels until his recent retirement and now a consultant and company secretary to Gleneagles Hotel Limited. Robin checked my arithmetic and the figures and calculations generally. Professor Rik Medlik of Horwath and Horwath was very helpful and gave me some constructive suggestions. And I would like to thank Miles Quest, managing director of Wordsmith and Company, for his honest but constructive criticism when he edited the book for me. There was no doubt that he made a considerable improvement to my rather unusual writing style.

But there was one person who helped me when I felt like giving up, and put up with my moods and frustrations as I gradually wrote the book and I would like to thank her. She urged me to start, and constantly encouraged me. This is my wife, Helen.

Melvyn Greene

FOREWORD

Together with many other industries, the international hotel industry faces many problems in the next decade, but I believe there is a bright future for hotels and hotel companies who get their marketing right. Therefore, this new book is very timely. Although we face problems the book is essentially optimistic about the future for the hotel industry, particularly the closing chapter, 'The Threshold Barrier'.

Nearly twenty years ago I gave Melvyn Greene his first feasibility study in Britain after he had returned from living in America. Since then he has become well-known in many countries as a leading hotel consultant, and a speaker on hotel topics. His writings show he is an original thinker – a rare quality nowadays. The book is written in a very readable style and covers the full process of marketing right through to sales techniques. I agreed particularly with the recurring theme throughout of packaging the price *up* with integrity, and the warnings about rampant price cutting. It includes numerous practical examples and useful checklists on how to increase hotel and restaurant sales.

SIR MAXWELL JOSEPH
Chairman of Grand Metropolitan Limited
Chairman of Inter-Continental Hotels Corporation

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I

WHY WRITE A BOOK ABOUT MARKETING HOTELS INTO THE 90s?

During the last twenty years I have worked in many countries but primarily in America and Europe. This book has been written to benefit hoteliers from most countries. In writing for a number of different countries I am aware that markets vary. Americans may ask you to dine with them at 6 p.m. (or earlier), Britons at 8 p.m., and I have been invited to dinner in Spain at 10 p.m. History, religion and tradition cause marketing differences. Most sensible people like to sit down and relax over a drink. We 'crazy' Britons prefer to stand up when we drink our pints in a pub. On the Continent of Europe good service is a leisurely meal, in America slow service is often considered bad service. Some countries start a meal with coffee, others never have coffee till the end of the meal. Even so, after working in numerous different countries I believe that while the circumstances are different, the problems, and in particular the future marketing problems, are very similar.

In writing a book for hoteliers from various countries there was a potential communication problem, even if we all speak English. I apologize if at times my words, jargon or spelling are different from your own. I decided early on (unless it was totally inappropriate) to use dollars as a currency throughout the book. I could not keep chopping and changing from sterling to dollars to rupees. And dollars are still the most widely-used international currency in tourism. I make no apology for being wrong on some of the things predicted. If you are paid, as I often am, to look ahead, then there are many times when you are going to be wrong. Better to take a risk and say something than play safe and say nothing.

In the late 60s I co-authored a lengthy book, *Improving Hotel Profitability* with Richard Cornwell. Lately I have become sincerely convinced of the need for a book on marketing hotels which looks ten years ahead – into the 90s. Over the years in my consultancy

firms we received only about 15 per cent of our gross fees from the short management marketing courses we run for clients. The rest of the time has been spent working in hotels and hotel groups, solving clients' problems. But this 15 per cent totalled approximately 1,000 delegates from major groups (British, American, Tunisian, Nigerian, and others) in the last few years. And I was beginning to have a feeling that many companies were *not* going to get their marketing right in the difficult decade ahead.

About three years ago something started to happen. I was always being asked to speak to the Board of Directors, or the top management team, of hotel companies and to professional associations. But suddenly the requested topics all had a similar theme. 'Melvyn, we would like you to brainstorm ahead about markets and marketing in the next ten years'.

More and more people asked me to talk about titles like:

'Marketing trends in the 80s'

or

'Social and technological trends in the 80s'.

They also all had one common worry and this was 'adequate room rates'. In the three years prior to writing this book I gave eighteen speeches, all on similar themes, to seven major hotel groups (four British, two American and one Nigerian), two universities, three professional and trade associations and one luncheon hosted by Lord Forte at Grosvenor House, London, when he invited most of the directors and leaders of the British hotel and travel industry. I tried a different formula on that occasion, giving the speech *before* lunch, rather than after, as I knew it was going to be a superb lunch. Five other speeches were given to groups of pension funds and institutions in the City of London. I even went to India to give a similar talk there to thirty top Indian hoteliers in Bombay and Delhi. The themes of all the talks were not just occupancies but Average Room Rates and The Future.

Suddenly everyone was aware that the world and the hotel industry were changing rapidly and this change could accelerate in the future. It was not that I was becoming the guru of the hotel industry, only as some managing directors said 'You have time to think about the future, *we* are bogged down with the current problems'. What worried me was finding more and more people talking about the 'hotel of the future', showing lovely drawings and models, when we should have been talking about the markets of the future first, and we were getting it the wrong way round. Some hotels

were being built which were monuments to the architects, but were dwarfing the personality of the guests. People might try them once but not stay in them regularly. I feel that the building of Megahotels in the last decade – however spectacular and magnificent – has ended, because this is not what an hotel guest really wants. Many hoteliers disagree and claim that the spectacular lobbies and public areas overcome the problem of size. But I have noticed that these same breathtaking lobbies are jammed with sightseers and non-paying guests. Paying guests complain it is like living in Grand Central Station or Waterloo Station.

I was also becoming increasingly worried that the hotel industry might follow the fate of the airline industry. With horror I read that the total predicted losses of the airline industry in 1982 was \$2 billion. Many airlines can be supported by their governments. The hotel industry is, by and large, owned by commercial interests with a large number of private shareholders who could never carry this level of loss. I have watched, with growing dismay over the years, the airlines' obsession with 'bottoms on seats' and being the cheapest rather than the best or the best value for money.

I do not want this to happen to the hotel industry.

In the last year or two I wanted to write a book on the next decade and this became a burning ambition. So I deliberately made the time available. In a later Section you will see that, in my opinion, even after spending a long time in the hotel industry many top executives still do not fully understand marketing hotels. Many do. Others are good at operating hotels but tend to be product orientated and do not really understand the constantly changing market. Because of the nature of the hotel industry, particularly where management and staff live in or spend long hours on the premises, it is very easy and understandable to become product orientated rather than market orientated. This is not meant as a destructive criticism of the hotel industry as a whole. But competition is going to be much more intense over the next decade. By competition I do not necessarily mean other hotels or countries competing for international tourism or conferences. I am thinking rather of manufacturing industries and retailers selling a whole range of products. It will be a battle for the consumers' disposable spending power. The question in the future may well be whether the consumer buys a video tape recorder, changes his silent movie camera for a sound camera, buys a new home dishwasher – or takes that holiday in an hotel.

In the next decade we appear to be facing a period of continuous

rising costs. After the growth decades of the 50s and 60s up to 1973, and a decade of mixed fortunes since, we could face a decade into the 90s where there is slow expansion, or even no growth, together with growing competition. The increased competition could arise from:

- up-market self catering
- time sharing
- home entertainment

and other trends, as well as the competition from producers of a whole variety of consumer products and services.

Many of the producers and retailers of other consumer products are very sophisticated in their marketing. We in the hotel industry must ensure that we obtain our share of future market spending. In order to do so we must recognize the full and changing marketing scene, and spread this 'gospel' to every member of the staff. We must also develop more systematic and dynamic sales action plans. More systematic sales action plans need not stifle flair, but can help develop it. In fact, with the total involvement of all employees advocated in later chapters it is my firm belief that the systematic approach will encourage flair and initiative by creating a more sales-orientated approach. Hence the reason why this book has the subtitle *A systematic approach to increasing sales*.

No book can ever supply all the answers. And a book tends by its nature to be generalized rather than specific. I would far sooner be sitting in your office, in your hotel at this moment talking about your specific problems. However good your marketing has been in the past, this book is a genuine attempt to help improve it in the future. Apart from assisting your long-term planning it will give you a mass of points which will help you in the immediate few months.

This book is on marketing which, as you all know, includes selling. Once you have defined, or redefined, your markets you have to reach those markets by selling. Selling itself is a huge subject. In this book I have concentrated on marketing and sales action plans with less emphasis on sales techniques. This is not to underplay sales techniques because they are of prime importance. If you take techniques as including:

- Paid advertising
- Unpaid publicity
- Sales letters and mailing shots
- Telephone selling
- Face-to-face selling

and all the myriad variations of each of these, including the technological improvements in, say, just one aspect – mailing shots – within the next decade, you will see that it would easily double the size of this book.

Each technique deserves a book on its own. There have been a lot of other books written about the individual techniques of selling (letters, advertising, public relations) so I have concentrated on marketing and sales action plans. If you get the marketing wrong, a large proportion of the sales effort will be dissipated or totally wasted. As you will read later, I believe the world, and hotel markets, are going to change more rapidly in the 80s and 90s than ever before. So forgive me if I neglect sales techniques a little. But I have included some sections on the different techniques of selling with brief comments and some useful checklists.

Similarly, I deliberately decided to avoid including masses of statistics. They often look very impressive. But there are numerous books, magazines and other publications full of statistics. IATA, every tourist board, hotel consultants and my own firm all produce statistics. A lot of bright people take the past statistics and project them into the rest of this century. What does it all mean? We all know that there has been a considerable growth in international tourism, the convention market, business incentive markets overall, with a few 'hick-ups' like the 1973–5 period and lower growth in 1980–2. But does past growth necessarily mean future growth? Some of the most interesting future statistics are produced by the aircraft manufacturers (rather than the airlines) but their top research executives can hardly be described as objective. Can you imagine a researcher in Lockheed or Boeing coming up with a report predicting a *decline* in aircraft passengers over the next decade? He would not be very popular with his employers. Recently I read in another study paper that 'world traffic will double by 1990 and more than triple by the year 2000'.

Later on I will be commenting on why I feel there will be a growth in some market segments for the hotel industry. But honestly I am guessing and so is everyone else. However, you will still find that whatever the problems are over the next ten years this book is essentially one of optimism, particularly when you read about the Threshold Barrier in the last Chapter.

What I am interested in is 'inspiring' you, the person reading these words at this moment, to make sure that if there is growth you obtain your share of it. That you pick the segments where there will be growth. And if there is no growth that you, my reader, stay profitable by beating the average.

In these days of women's liberation and the feminist movement an author should not talk about businessmen but business *executives*. I found it very difficult to do this throughout the book. So please bear with me if occasionally I write in the masculine only, where it is obviously intended to include the feminine.

Markets are changing constantly and a book on marketing could well have parts which are out of date by the time it is published. But I had to stop at some point so I set myself a period of 15 months and then stopped writing. And if I digress and wander from a logical pattern, it will be because I want to make a point that may well stick in your mind and suddenly be remembered at an important moment in the future. So I thought it would be useful if I started by elaborating in the next chapters the men and one woman who influenced me over the last twenty years to become a totally committed marketing man. All of these stories in the next section have a moral.

I promise you now that if you invest just a few hours of your time in reading this book you will have a greater 'feel' for successful marketing in the next decade or two.

* * * * *

PEOPLE WHO HAVE HAD A LASTING INFLUENCE ON MY MARKETING ATTITUDES

Nobody starts life as a born marketing man, or woman, although I have met some 'born again' marketing men who have suddenly 'seen the light' or got the right message. Marketing is a complex attitude of mind and as elaborated later some people understand marketing in its fullest sense and others are too product-orientated and therefore can miss market opportunities.

But people can change. I have met hoteliers who have attended a course, or had an unusual experience, which has suddenly made them much more marketing conscious than before. One manager, and I do not think he is alone in this, is convinced he became much better at marketing when he stopped living in the hotel. Sometimes people hear a phrase or a statement said in a different way which helps change their tactics and attitude. As a simple example, a number of people have said this about the phrase – 'don't sell a mile wide and an inch deep'. Many times people have said this is where they have gone wrong in the past. Reading, management courses, or your own drive and entrepreneurial flair can make you better at marketing. And very often other people can have a major influence in this direction.

A series of people have influenced my thinking on marketing and readers may well benefit from hearing about them, what they said or did. Now I do not keep a diary and I apologize for a whole series of stories and events which may not be one hundred per cent correct. But they are all based on real events that influenced me in my knowledge of marketing hotels and they are elaborated in later sections. They are all based on true experiences even if time may have made some aspects a little vague. I may have slipped a year here and there or amounts may not be exactly accurate but the message is important.

Thousands of people have influenced me in my career. I am a