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**Top 10 Strategies for Hospitality Industry:
“Keeping Market Share During a Down Economy.”
By David Ralls
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Phoenix, AZ (May 21) – The top strategy: don't cut marketing budgets now.

As soon as the word recession spreads, hotels begin to look at advertising, marketing and public relations campaigns and budgets as the first areas to trim. This is the best time to gain market share as your competition cuts away.

The hospitality industry is being hit this summer due to higher gas prices, higher airfares and higher room rates. Most surprisingly, luxury hotels seem to be recession-proof even though most have boosted rates by 6%, according to Smith Travel Research, and maintained occupancy levels at 71%. Upper scale hotels also boosted rates by 4%, but guests seem more resistant to more rate hikes.

Brand equity may tolerate rate hikes, but add-ons are what attract customers during difficult times. Pundits suggest that hotels are more likely to increase direct marketing efforts during a recession while abandoning the brand, or image advertising, others suggest combining both.

In the “what do we do now? Case-scenario, hotels with courage will win market share by focusing on the customer and keeping advertising budgets strong, in fact they may spend more. Eliminate marketing that is not working and be aggressive with value added offers that differentiate your offering from the competition. These efforts will capture the customers that are traveling who have a strong chance of staying with you again in the future when the market improves.

Keep track of what consumers do while staying at your hotel. Send offers to those who have frequented amenities such as the spa, golf course, or wine bar. Most hotels don't do enough to capture data on their customers. Utilizing technology to capture more data on customers informs data analysis that can guide hotel managers on who their guests are which allows for one to one communications that increase loyalty and return on marketing investment.

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At its best, all advertising should be direct advertising. Every ad placement should have a compelling offer and a strong call to action, and every ad vehicle should be trackable all the way through to converted business.

According to the recent MarketingSherpa Special Report, only 4% of hotels surveyed are increasing budgets for print advertising as more companies are shifting money to direct mail, email, Web 2.0 and other direct response mediums. An interesting trend is that spending for on-line display ads is shrinking by 26% as business realize that many click throughs aren't translating into as many conversions as compared with Pay Per Click campaigns.

Shifting, combining or increasing direct marketing spending makes the most sense during a recession because offer based direct marketing with a strong call to action will increase brand awareness while getting the phone to ring. Communicate offers via direct mail and e-mail to hotel guests 30 days before their stay and then reengage them with a thank you offer 30 days after their stay. Let them know you appreciate them and make it easy for them to return to experience the amenity or activity they enjoyed most during their last stay including golf, spa, or dining.

It's no surprise that during a recession, attracting consumers is harder than attracting meeting planners who are still looking for good deals on conferences, meetings and exhibits with resort amenities. Reevaluate your feeder markets and industries. Companies that meet nationally or internationally during boom times may shift their focus to regional or local hotels during a recession. This localized focus proved successful during the 9-11 and post-dot-com downturns for both business and consumer strategies.

What's next?

How to build market share – Top 10 Strategies:

- 1) Reallocate marketing budgets from branding into direct, target marketing for a higher return on investment.
- 2) Know your customer. Build a marketing database designed to gain insights into customer value, vulnerability and potential.
- 3) Get smart about your customer data. Hotels should profile their best customers on highest value and target customers that “look like” those best customers. Hotels attracting conventions or meetings need to prioritize prospects into A-B-C lists and provide value-added incentives for “A” list prospects, focusing the majority of the budget on those individuals.
- 4) Leverage new customer insights on customer value, vulnerability and potential into campaigns that maximize ROI.

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- 5) Test creative and offers to measure and redeploy what works best.
- 6) Track and report on campaign response and conversion effectiveness.
- 7) Grow relationships with current customers. Use social media and electronic communications to increase loyalty and reasons to communicate with them.
- 8) Update Web site analytics – Focus on “visitor engagement:” Examples include signing up for e-newsletter, view value added content and videos from your golf pro, spa director, or chef, that require sign up to view. Data capture should occur on the site as much as possible and should include: name, address, e-mail and phone number – be visible to where and when customers want you. Analytics can track Web site traffic and site utilization which can assist in website improvements that drive customers to sections of most interest to them. Communicating incentives to book a stay once they arrive in their area of interest will drive business when you need it most. In addition, get great data can be gleaned on where customers are coming from and who is ultimately converting. This intelligence can drive future partnerships and online linking strategies that increase site traffic and conversion.
- 9) Launch programs that allow existing customers to consolidate doing business with you that give existing and new customers the chance and benefit for one-stop shopping.
- 10) Focus on market trends such as marketing to Baby Boomers. Make Websites attractive to Baby Boomers without being condescending. This is one of the most influential groups today as they have the most buying power. The day of ignoring the 40+ market is gone. In fact, women over 40 spend more than one trillion dollars a year.

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About AIR Marketing:

AIR Marketing, which stands for Analytics, Imagination and Results, is an integrated marketing agency that achieves clients' goals with a unique data-driven approach and decades of collective hospitality industry insight, knowledge and experience. Prestigious resort and hospitality management clients nationwide look to AIR to get, keep and grow more customer revenue through dynamic campaigns and measurable results. For more information visit:

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