

# Marketing plan for hotel assignment

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. 0 Corporate objectives and strategy The primary corporate

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strategy for Premier Leisure Group is related to growth maximisation in the Hospitality business, concentrating its resources on its core business of hotels. The acquisition of the Debarry Hotel is inline with achieving a market share within the growing tourism market outside the UK. The key objective for the Debarry Hotel is to restore the quality and former glory of the Hotel by investing in its infrastructure and human resources supported by a targeted marketing plan which will result in the Debarry Hotel achieving financial success.

Vision Statement: “ The Debarry Hotel is to become the Flagship of Luxury and Professional Quality Service for the Premier Leisure Group within the European Hospitality Market. ”

2. 0 Marketing audit The following Market Audit gives an overview of the market influences which will affect the future growth of the Debarry Hotel (DH). These influences shall be analysed using the following methodology

1. PESTLIED Analysis
2. Industrial/Market Analysis
3. Competitive Analysis
4. Consumer Analysis
2. External Analysis ???

PESTLIED The PESTLIED analysis supplied in Appendix 1 gives a full overview of the factors affecting Hoteliers within the Languedoc-Rousisillon region.

This analysis is based on the information given in the Debarry Case Study from which the aspects of greatest concern are the issues discussed below.

1. Political One of the advantages available to the Premier Leisure Group (PLG), are the national and regional policies to improve the popularity of the Languedoc-Rousisillon regions.

The interest is mainly related to improving the attractiveness of this region especially with respect to high spending visitors rather than the accustomed camping tourist, the region is mostly noted for. In addition to these policies is

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also the benefit of European investment in the region to further develop tourism infrastructure, amenities and appeal. 2. 1. 2 Economic: In the worldwide tourism, France heads the list of the most visited countries, 76 million tourists in 2005 with 55. 5% being French tourists.

It is estimated that between 2006 and 2011, the economic outlook for the French Hotel Industry appears positive to steadily grow by an average of 3. 5%. Apart from topping the general tourism industry, France also tops the Business travel market. The preceding 5 years, have seen a substantial decrease of 18. 5% but the overall attractiveness of this market remains strong as it attracts 12. 6 million such business travellers in the past year.

The Languedoc-Rousisillon region receives 8. 8% of the 1. 5 billion overnight stays in France. It is further expected that culture and nature-based tourism within this region will bring a further 1 ??? 1. million tourists next year. 2. 1.

3 Social The French Tourism market is highly dependant on its local travellers which make up 55. 5% of this market. This market is expected to grow further owing to the reduced 35-hour working week thus allowing people with more free time for more frequent short holidays. Added to this, older people are travelling more frequently owing to an improved and cheaper travelling infrastructure. Recent trends show tourists seem to be opting for independent hotels over chain hotels, which is a competitive advantage that ought to be exploited.

Further to this, a 2005 survey has shown that the most popular reasons for leisure travel are related to Health/Spa, Sea and gastronomy. 2. 1. 4

Technology Hotel on-line bookings have increased owing to improved accessibility and usage of the internet. It is expected that in 2007, 40% of  
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leisure bookings and 35 % of business bookings will be made on-line. It is further estimated that in 2010, on-line bookings are expected to make up 50% of all bookings. Recent advancements in travelling infrastructure have also improved the travelling opportunities for tourists in all segments.

Of particular interest are the development of the Euro Tunnel and the increased availability of cheap flights which have favoured the increase of low cost international travel. The availability of wireless and internet access has become a necessity in the hospitality industry.

## 2. 1. 5 Demographics

The tourism market looks to be split up in three age segments being a youth market (aged 16 - 35), middle aged (aged 36 -50) and grey market (aged 51-65). A Detailed Customer Analysis of these segments is provided in Section 2. 4.

## 2. 2 Industrial and Market Analysis

As noted in the PESTLIED Economic analysis, the French Tourism market is the largest in the world with healthy growth trends similar to the global tourism industry. To serve this growing demand there are more than 17, 500 hotels in France. These hotels are distributed around the country in relation to the demand of both the international and local tourism business offering a large variety of products related to the targeted customer demand. There seems to be relatively high competition both between regions and within the individual regions reflecting a monopolistic competitive environment.

Although a portion of these hotels form part of international hotel chains, recent surveys have shown that tourists are opting to prefer staying at independent hotels thus diminishing the distorting affect that international hotel chains may bring to the competitive rivalry within this industry. The

French Tourism industry attracts both Leisure and Business Travellers. These segments are positively affected by a number of economic variables including ??? The return of high spending North American and Japanese tourists, ??? Growth of GDP of developing countries (China and India) Increase in population and wealth of the grey area markets. On the other hand, these markets are greatly affected by latent threats related to ??? Terrorism activities (both regional Catalan situation and International terrorism), ??? World wide epidemics (Avian Flu) ??? The struggling French economy, affecting the personal disposable income of French Tourists ??? Increase in price of essential resources such as fuel costs While the leisure market proves to be price-elastic, the business market is less price-elastic owing to the fact that business travellers are not paying out of pocket.

This is positive, considering that France also tops the ranking of destinations for business travel, that business travel is 68% preferred during off-peak season and that 49% of business travellers like to extend their business trip to include more lucrative leisure activities. Regional competitive rivalry is mainly related to the environmental product offered. A positive attribute of the Languedoc-Rousisillon region is that the inherent product portfolio is directly related to the top six preferred reasons for world wide leisure travel, being Sea, Health, Food & Wine, Art & Culture, Mountains and Adventure.

Although the Languedoc-Rousisillon region is ranked fourth with respect to the most preferred French regions, it is envisaged that there will be a continuous growth, increasing demand on the present 908 hotels in the region, 21 of which are competing in the same upmarket (4-Star Hotel) business as the DH. DH is the most luxurious hotel in the Pyrenees-  
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Oriental area within Languedoc-Rousillon, with a very limited local competitive rivalry. Conversely, the various market forces within the upmarket industry results in a relatively high competitive rivalry.

This is mainly attributed to the high barriers of entry and exit, inherent in the local market and the larger number of substitutes that today's leisure and business traveller have within the French market. This market analysis is briefly illustrated below in Exhibit 1. In this analysis one has used a Weighting Factor to estimate the importance of the force/influence in the Upmarket Hotel Industry in France. Added to this, these forces have been graded on a scale between 1 to 10 with respect to the current trends and knowledge one has of this business sector. Exhibit 1: Porter's Five Forces Analysis . 3 Competitive Analysis The competitive environment is analyzed using both a quantitative and a qualitative approach. The qualitative assessment focuses on three key aspects, direct competition, indirect competition and potential competition or changes in the environment that may positively or adversely affect the demand for the Hotel's services. 2. 3. 1 Direct competition L'Arapede hotel, which is currently undergoing major refurbishment, is considered to be the Debarry's primary direct competitor. This Hotel is also situated in Coillure and has taken on the previous Debarry Owner as a consultant.

It is also expected that the previous Debarry Owner's wife, who is a Michelin 2-Star chef, will be taken on by the L'Arapede providing direct competition to their restaurant which is a key contributor to the Debarry's overall revenues and attractiveness. The hotel is expected to compete ' head to head' in terms of luxury and room comfort and personalized service. 2. 3. 2 Indirect <https://assignbuster.com/marketing-plan-for-hotel-assignment/>

Competition There are also two other 3-star hotels in the area having good general hotel services with the potential to upgrade their standards and facilities.

These are being considered as indirect competition owing to the fact that the clients seeking the Debarry standard and experience are unlikely to consider anything less than a 4 star Hotel. The 2 star hotels, camping sites and the business school accommodation are not being considered as competition since they cater for a completely different market. Indirect competition is inevitably faced from the numerous (over 17, 500) Hotels spread around the whole of France. Geographical location is also considered as indirect competition since many clients choose the location they intend to travel to, prior to deciding which Hotel in the region to book.

Such competing regions include the Provence-Alpes-Cote-d'Azur and the Rhone-Alpes. Emerging new tourist destination such as Turkey, Croatia and Egypt are also being considered as potential sources of indirect competition as good quality hotels, in idyllic locations and offering highly competitive prices, are on the increase. 2. 3. 3 Critical Success Factors Six Critical Success Factors have been identified as necessary for the DH in order to have an advantage over competitors. Each critical success factor has been given a weighting (out of 1).

Hotels have been given a grade (between 1 to 10, with 1 being the weakest and 10 representing the maximum) which highlights the relative strength of the Hotels for each critical success factor. Exhibit 2 outlines the weighting given to the 6 chosen critical success factors and draws a comparison



between the Debarry and its direct competitor, the L'Arapede. | | Weight |  
 Debarry | Result | L'Arapede | Result | | Luxurious milieu | 0. 2 | 7 | 1. | 10 | 2.  
 0 | | Exceptional views | 0. 1 | 10 | 1. 0 | 6 | 0. 6 | | Personalised Quality  
 service | 0. 2 | 5 | 1. 0 | 8 | 1. 6 | | Gourmet Services (2-star Michelin) | 0. 1 |  
 4 | 0. 4 | 8 | 0. 8 | | Spa & Health Facilities | 0. 2 | 4 | 0. | 5 | 1 | | Twenty-first  
 century equip & Facilities | 0. 2 | 0 | 0 | 8 | 1. 6 | | | | 4. 6 | | 7. 6 | Exhibit 2:  
 Current Competitive Positioning in Relation to the New L'Arapede Hotel. The  
 result of this competitive analysis shows that once the l'Arapede's  
 refurbishment is complete, it is expected to offer superior competitive  
 attractiveness to the DH.

This is a cause of concern for the DH given that they will be aiming to attract  
 a very similar class of clientele. The DH scores strongest in the exceptional  
 and unique views that the Hotel has to offer whereas the L'Arapede is  
 expected to score higher in attractiveness in all other critical success factors,  
 unless appropriate attention is given to upgrade the Debarry's facilities and  
 decor. 2. 4 Customer Analysis The following Consumer Decision Making  
 Analysis (CDM) is based on the model by Blackwell & Engel (cited in Henley,  
 2008). 2. 4. Grey Market Customers The majority of the clients lodging at the  
 DH are people over 51 years of age that are both time and money rich. They  
 have worked hard throughout their lives and now their need recognition is to  
 reap on their sacrifices, unwind in style and get pampered. Divestment for  
 those that are still involved in their business would generally be earmarked  
 for the summer period. The infrastructure of the hotel with its 17th century  
 style decoration surrounded by idyllic scenery of sea, greenery and  
 mountains conveys a message of prestige.

This is coupled with an atmosphere of informality and a professional level of service that makes patrons feel important. The proximity of the hotel to an airport provides easy access. Clients do attach a value to such features for which they are ready to pay a premium price. Patrons do not stopover by coincidence. This kind of grey market is particularly selective in their information search and is not generally allured by advertisement on magazines and newspapers. They would rather rely on suggestions from their reference groups.

As a consequence, word-of-mouth results to be the strongest mode of marketing in spreading the word around how the product at the DH is worth the while. 2. 4. 2 The business related travel. The business traveller's need recognition is related to completing the objective of their business visit may it be a meeting or a conference. In relation to these activities, such travellers would need to keep in contact with their head offices and this calls for the availability of the latest 21st century technological resources.

Consequently, availability of Wi-Fi hot spots fall within the criteria for the pre-purchase alternative evaluation. Business people travel predominantly for commerce purposes but surveys reveal that there is an interest in extending their stay and include leisure activities. In line with such a trend, state-of-the-art technology ought to come with high level of comfort preferably with relaxing scenery to satisfy hybrid expectations. The preferred purchase channels include selective trade fairs, business related magazines and the internet. This sector of clientele is usually not particularly price-sensitive.

Divestment tends to be scheduled for the winter months. 2. 4. 3 The youth market (16-25). The need recognition of this segment is to acquire a shelter for the night. They are mostly spending their parents' money and would opt for youth hostels or cheap hotels. Pre-purchase alternative evaluation is nearly non-existent as they are unlikely to make use of hotels' services and certainly need no particular amenities to help them un-wind. They tend to be less selective about the kind of media to consult in selecting their next working holiday or trip.

Accordingly, their information search would be very broad. This sector is particularly price-sensitive and any purchase channel that would offer attractive prices tends to be preferred. Owing to academic schedules, the divestment is earmarked for the summer holidays. 2. 4. 4 The youth market (26-35). This sector is generally time-poor and owing to pressures at work would make use of internet, virtual networking or travel magazines as their information search for travel accommodation. Concomitantly, the purchase channels utilised would generally be internet.

Youth in this age bracket tend to be money-rich and inclined to opt for shorter breaks owing to time constraint; though, they are less price sensitive in their choices. Their need recognition is of vacations would result in being 'trips of a life-time' featuring personal challenges or self-development. Their hectic life calls for an element of relaxation in their breaks and an ambience of comfort together with spa treatments would certainly serve the purpose. In the evenings they would expect availability of gourmet food accompanied by quality wine.

Divestment of product tends to be haphazard as they would set off for short breaks at short-notice. 2. 5 Market Audit Conclusion ??? SWOT Analysis The present market environment and positioning of the DH is briefly summarised in the SWOT analysis illustrated in Appendix 3. Of key importance for the development of this marketing plan is that the organisation can further develop on the key attributes of the Hotel being the most luxurious 4-star hotel in the area with a large variety of utilities within the 10, 000 sq m area of the resort.

Although losing its former owner and the familiar atmosphere he created, the hotel still owns a strong presence in the region with its luxury accommodation and its 2-Star Michelin restaurant which need to be further nurtured and embellished for the growth of the business. These attributes are further complemented by the stunning views of the town's surrounding which have for years been appreciated both by transitional visitors but mainly by world known artists who have made Collioure the heart of their works of art.

The ownership transition of the hotel has caused a number of weaknesses to develop which are tarnishing the hotels brand positioning and the repeat customer base which it was accustomed to. Of key importance is the loss of the Debarry management staff, who complemented the familiar atmosphere created within the resort. Now the new management are in need to go through the whole process of recruitment and personnel development in a market which is highly sensitive to having well trained customer focused staff.

This weakness is further magnified owing to the lack of a marketing plan such that the current business offer is fairly inflexible as its financial success is based on the repeat business of a demanding Grey Market segment with no promotional activities and few alternative distribution channels than its own reservation facilities. These weaknesses have further developed in a critical threat related to losing its 2 and 4-Star accreditation for the Restaurant and Hotel. Consolidating this strength is key for the further growth of this business.

Moreover, there is the growing threat of a previously inexistent local competition, mainly relating to the upgrade of the L'Arapede. On the other hand, the political intent to invest in the region will present a number of opportunities for the success of a revamped DH. These include further promotion of cultural and natural activities. The Business traveller market also presents itself as a lucrative opportunity to increase business. This market has the further benefit to be mostly active during the off-peak season presenting the opportunity to the DH to extend its operation throughout the year when compared to the current practice. This new product opportunity would also allow the hotel to further differentiate itself from any regional competition by having the possibility to obtain a 5-Star accreditation. The new DH share holders, being the Premier Leisure Group, present the DH the opportunity to benefit from working with a chain of hotels which has an international background. Benefits include financial leverage, personnel mobility, standardisation administration software, common marketing plans and wider distribution of hotel promotional packs.

The vast experience gained within the UK Tourism Industry is another asset the Debarry may benefit from. The region and hotel surroundings offer a number of other business opportunities that the DH may tap on. Of particular appeal to the hotel are the health/wellness, sports/adventure and gourmet business segments. Targeting new segments, apart from the current customer base, would allow the hotel to improve its business flexibility and offer possible contingency plans.

3. 0 Assumptions  
4. 0 OBJECTIVES

The overall objective of this marketing plan is to achieve a 5-star accreditation, and to establish the hotel as a premier accommodation with a representative brand that differentiates its product (service) offering from its competition in terms of location, quality, and personalised customer service.

4. 1 Strategic Objectives ??? To develop a hospitality and leisure hotel product based on superior quality and personalised customer service, ??? To target the wealthy grey market and the small-to-medium conferencing market as the primary customer-base for the hotel, ??? Build a brand that represents optimal quality of service and to obtain a 99% highly satisfactory or higher rating on customer surveys, ??? To maintain the 4-star accreditation during 2007 and to achieve a 5-star accreditation in 2008.

4. 2 Financial Objectives ??? Achieve breakeven on the 10. 5 million Euro investments by 2010. The targeted revenue turnover and net operating profits are:

YEAR	OCCUPANCY RATE	NET REVENUE	NET PROFIT
2007	76%	11. 8 million	1. million
2008	83%	13. 0 million	2. 0 million
2009	88%	16. 3 million	3. 2 million
2010	92%	17. 0 million	3. 4 million

Exhibit 3: Targeted Revenue Turnover Annual profits beyond 2010 are estimated to be remain at around 3. 4 million Euro.

Objectives Penetrate and achieve an average annual growth rate of 25% in the small-to- medium conference market to become the market leader in the region by 2011, ??? Establish new marketing channels to better exploit the internet and direct bookings, ??? Establish a working culture focused on relationship marketing aimed at building mutually satisfying long-term relationships with all stakeholders including employees, customers, and channel intermediaries. To achieve these objectives, a number of investments, explained further in section 6. 1, are being proposed. 5. 0 Marketing Strategy 5. 1 Segmentation Analysis

Appendix XXX provides a detailed benefit-based segmentation analysis of the main market segments. The grey market and the small-to-medium conferencing market have been identified to be the most attractive market segments to target. The DH high-end positioning appeals more to the Grey market customer and it has been seen in the CDM analysis that the youth market has conflicting requirements with respect to the grey market. Moreover, the grey market should offer higher revenue per available room than these other market segments, and this is quite important given the relatively small size of the hotel.

On the other hand, the small-to-medium conference market compliments the high-class style of the hotel. Penetrating this market segment will also further enhance the quality aspect of the brand. The contrasting seasonal business of the small-to-medium conferencing as compared to the grey market business, would achieve a regular occupancy all year round resulting in a significant increase in revenue. Moreover, business travellers generally pay in advance, therefore assisting the hotel's generation of cash flow.

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By targeting this market segment, the hotel can exploit the regional attributes with respect to arts, culture, and history and have high level seminars organised at the hotel. Similarly the hotel may be used in collaboration with the local business and art schools to conduct conferences and seminars. Finally, business customers who are satisfied with the Hotel's product and service have the potential to become future grey market customers. The main benefits identified for the grey market in appendix XXX are familiarity, health improvement, personalised customer service, scenic appreciation, and relaxation.

Currently some gaps do exist, especially as regards familiarity and personalised customer service, and actions should be taken to better satisfy these expectations. The grey-market however is sufficiently aligned with the business capabilities of the hotel such that targeting this market segment is highly attractive with a low risk factor. | GO ??? (Low Risk) | | | |

ATTRACTIVENESS OF MARKET SEGMENT | |? | | NO GO ??? (High Risk) | HIGH | MEDIUM | LOW | | BUSINESS | HIGH | | | | CAPABILITIES | | Grey Market | 26-35 Youth Market / | | | | | Walk-in Customers | | | | MEDIUM | | | | | Health, Wellness, and Nature | | 16-25 youth market, Tour | | | | Tourism | | operator tourism | | | LOW | | | | | Small-to-medium Conference market| | Large business conference | | | | | market |

Exhibit 4: GE Matrix For the small-to-medium conferencing market however, the risks involved are higher as the hotel currently lacks the necessary resources, especially as regards conferencing rooms, accommodation and technological facilities. In fact, a considerable investment is required and unless a significant amount of market share is generated there is the risk that this market segment will not



generate sufficient cash for the hotel. With this risk assessment in mind, an important objective of this marketing plan is therefore to transform this potential 'Question Mark' product into a 'Star' product for the hotel. Exhibit 5??? BCG Matrix Market Positioning (Source:) 5. 2 Overarching Growth Strategy Recent performance of the hotel has been characterised by a loss of market share and customer loyalty, particularly with respect to the grey market. This marketing plan considers a number of initiatives to re-invigorate the grey market penetration, including more segmented advertising, the introduction of a loyalty scheme, and special offer promotions. The plan allocates a budget for product development, market development, and diversification strategies as shown in exhibit XXX. Exhibit 6??? Ansoff's Matrix (Source: xxxxxxxx)

The room and spa upgrades, together with the development of a more personalised service, form the basis of a product development strategy aimed at further attracting grey market customers to the hotel. The market development strategy includes the introduction of new channels including online intermediaries and carefully selected specialised tour operators and travel/hotel agents is aimed at targeting different geographical markets. Finally, the hotel is to diversify into a totally new market involving small-to-medium conferences. This strategy is aimed at providing the hotel a foothold in this lucrative industry whilst reducing the portfolio risk in the event of adverse market circumstances. 5. 3 Positioning The positioning strategy is based on the resonating focus approach as described by Anderson et Al (2006).

The objective is to deliver a value proposition that is visionary and sustainable for the organisation (Henley, 2008) but also customer-centred and aimed at maximising value to the above targeted customers. For the grey market, the key points of difference that deliver the greatest value to customers are a superior luxury offering, a superior quality of service, but most importantly a more personalised customer service. On the other hand, a point of parity to counter the value elements of offerings from direct competition is price rates. It is recommended not to explicitly state pricing as an equal benefit in any marketing communications in order not to diminish the quality aspect of the brand.

Instead, the value proposition for the grey market should mainly state those value elements that differentiate the Debarry from other hotels, and to allow customers to make their own pricing comparisons independently. Exhibit XXX shows the target competitive positioning previously discussed in Section 2.3.3.

Weight	Debarry	Result	L'Arapede	Result	Luxurious milieu
0.2	10	2.0	10	2.0	Exceptional views
0.1	10	1.0	6	0.6	Personalised Quality service
0.2	8	1.6	8	1.6	Gourmet Services (2-star Michelin)
0.1	8	0.8	8	0.8	Spa & Health Facilities
0.2	8	1.6	8	1.6	Twenty-first century equip & Facilities
0.6	7.6				

Exhibit 7: Target Competitive Positioning

For the small-to-medium conferencing market, the point of parity required for customers to even consider the DH is the provision of similar state-of-the-art conferencing facilities as found in other conferencing venues. The points of difference to focus on are again a more personalised customer service and a superior quality of service, but most importantly the superior location

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which when added to the other benefits should translate into a unique and memorable experience to all conference participants. The elements of the above positioning strategy are sufficiently simple to communicate to intermediaries and internal staff of the hotel, as well as target customers.

This is particularly important as intermediaries must understand how the product is positioned and valued by customers while staff members must internalise the brand values and be sufficiently motivated to deliver the promise of the above value propositions.

#### 5. 4 New Product development (NPD)

Besides the grey market and the walk-in business the Debarry will charter new grounds in NPD in the form of the small-to-medium conferencing market. By doing so the Debarry will differentiate from the other competitors in the region (micro), although not on global basis (macro), and by equipping itself for this market the hotel will start offering added value with the aim of establishing itself in the market, driving growth, and recuperating its planned investment.

To successfully manage the NPD process, the set-up at the hotel has to function to perfection. The hotel will need to effectively launch the new product and marketing and sales activities will have to start well in advance and ongoing. The renovation and the creation of the meeting facilities will have to be planned with great care and experts in this field will need to be consulted. Facilities and capacities have to be in line with the room count and it will also make commercial sense to have additional capacity to be able to meet the demand of day meetings. While the small-to-medium market is a well developed industry worldwide it's a new market for PLG, DH and the region.

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At the pre-opening stage it is therefore recommended that the hotel will involve the other tourism stakeholders in the region to embark on a joint branding and promotion. Exhibit 8: Classification of novelty (adapted from Booz ??? Allen & Hamilton, 1982) DH has to manage the risk involved in developing the small-to-medium meetings market by adopting the Stage Gate process (Kotler & Keller, 2008) which provides milestones along the development journey where risks can be assessed and decisions made.

## 6. 0 Marketing Program

The marketing program outlined below, will encompass a cocktail of functional elements related to the 7Ps Marketing Model Elements (Henley, 2008).

### 1 Product

The recommended product marketing mix relates to three main sectors being ??? Physical Aspects ??? Quality of service ??? Branding

#### 6. 1. 1 Physical Aspect

The product element of the market mix should be built around the strengths and opportunities identified in the marketing audit. To enhance the product offer to the wealthy elderly customer, it is being proposed to upgrade the current Spa facilities with in demand Spiritual Health benefits. This proposal follows the trend that the Grey Market consumer is more conscious of their health and is inclined seek these benefits during ones vacation. This added feature is also intended to lure back the loyal customer base the hotel seems to be losing by adding more value at the same cost. A further investment being proposed is the renovation of the hotel rooms and the creation of auditoriums/meeting rooms having the latest media technology. This would enhance the product portfolio offered to the current Grey market consumer but it is mainly intended to attract an exclusive business market related to small-to-medium business conferences. This investment includes the upgrade of the hotel with twenty-first century communication equipment and facilities, such as

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wireless internet connections, digital TVs and satellite channels, which have all become a benefit required by consumers in the tourism segments considered.

All these upgrades, detailed in Exhibit XXX, are scheduled to take place during a Hotel closure from October 2006 to February 2007. | Description | Investment Amount | Pay-Back | | Rooms upgrade | 2 million | 4 years | | Spa upgrade | 1.5 million | 2 years | | Conferencing rooms and facilities | 7 million | 4 years | Exhibit 9

The physical product on offer would be further consolidated by assuring the continuation of the 2-Star Michelin restaurant. To counter the threat of losing the 2-Star Michelin Restaurant it is being proposed that the restaurant will be outsourced to a registered Michelin rated chef with a profit-sharing agreement. This proposal is particularly important both for the high revenue the restaurant can produce as well as complementing the hotel's status. 6. 1. 2 Quality of Service The physical upgrades are ineffective unless complimented with a similar improvement in the quality of service provided as identified in the ' ServQual' analysis commissioned by PLG which highlights various gaps between customer's perception of quality and the actual service delivered.

Consequently, the quality of service is directly dependant on the People management, Processes adopted and the purchasing channels used. These will be further expanded upon in section 6. 2, 6. 5 and 6. 6. The main outcome to be achieved is to establish a level of emotional attachment to the Debarry brand. 6. 1. 3 Product Branding The Physical aspects and Quality

of Service proposed are to be complemented with a new Brand name being, “ Grand Hotel Debarry” Member of the Premier Leisure Group This brand name is consistent with the 5-star accreditation and also blends with the luxury milieu to be created in the hotel. The Debarry’s brand has to be built with the aim of assisting the customer in the decision making process.

Effective branding will immediately communicate what the hotel stands for and clear positioning and brand awareness by the Debarry will make the customer purchase appropriately and avoids potential problems and reduces risks. The Debarry’s brand will need to address both B2B and B2C audiences. For the Grey market brand equity can be created by offering the personal attention that they desire to build a higher level of trust and familiarity and establish a level of emotional attachment to the Debarry brand. For the conferencing market, added value is created by offering a superior location venue that should translate into a unique and memorable experience to all conference participants again identifying with a strong level of emotional attachment to the brand. 6. 2 Place (Channel Management)

The current distribution network of the hotel is quite limited, consisting mainly of two local travel agents and the hotel’s own reservation system via telephone. Based on the research data sourced by Premiere Leisure plc PLG, it is recommended to operate an integrated multiple channel marketing system (Kotler and Keller, 2008) by targeting a selective distribution strategy in order to focus channel breadth to its targeted market segments. Exhibit 10: 2006 Channel Sources of Worldwide hotel reservations and channel growth (2000 VS 2006) Source: Premiere Leisure Channel Management Research 6. 2. 1 Selection of Channel Partners In 2006, the predominant <https://assignbuster.com/marketing-plan-for-hotel-assignment/>

channel sources for hotel reservations worldwide were on-line channels, travel agents, tour operators, and hotels' own reservation system.

While reservations through tour operators and the hotels' own reservation system have been declining over the past years, reservations through the internet and web-sites have increased steadily from 11% in 2000 up to 35% in 2006 such that presently on-line channels are by far the top reservation channels for hotel reservations. The lack of an on-line reservation facility on the Debarry's web-site therefore puts the Debarry at a clear disadvantage as the internet provides the opportunity to reach markets previously outside its scope and reach (Thompson, 2006). The recommended design of the multiple channel system should encompass: 1. A number of carefully selected channel partners (tour operators and travel/hotel agents) who should be specialised in grey market and/or business travel, 2.

A number of intermediary web-sites, primarily because this is the largest and fastest growing reservation channels. Also, on-line booking and information has been identified as an important feature in the decision making process of certain customers, 3. Own reservation system and web-site which offers customers a personalised and familiar interaction. This has also been identified to be an important aspect of the decision-making process, especially for the grey market. 4. A strategic partnership with the local business and arts schools through which the hotel can attract and host business conferences and meetings. Exhibit 11: Design of the integrated multiple channel marketing system

For the grey market, the all-inclusive tour operator market can be initially used to re-establish market share, and to start re-building the customer relationship which was weakened over the recent years. It is cautioned however, not to become heavily dependant on this marketing channel and to swiftly shift to the fully-independent tour market, which allows for more personal attention and relationship building. Establishing a strategic partnership with the local business and art schools will allow the Debarry to target the already established customer base of these schools and take advantage of their various contacts. The channel that will require the most resources will be the own web-site and reservation system. This channel though, also offers the highest rates leading to better margins.

The skill levels required must be enhanced to operate effectively within both B2B and B2C markets. 6. 2. 2 Channel Control and Conflict Management The Premiere Leisure PLG research also shows how alternative channels such as internet intermediaries, tour operators, and hotel and/ travel agents offer a wider range of price rates that are generally more attractive to potential customers. While this can have a positive impact on the customer decision making process, it can also lead to a dilution of the brand's representation of quality. Therefore procedures need to be established to protect the brand and consolidate the desired level of power.

In order to maintain the desired level of power within the multi-channel marketing system, the hotel's sales team can exert a combination of reward and legitimate power (Kotler and Keller, 2008) to elicit cooperation. Reward power will most likely be effective with the selected travel operators and agents and can be a source of motivation to encourage these channels to

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promote the Debarry. On the other hand, a contractual agreement with the selected web-site intermediaries may be the best way to maintain a certain degree of power. In order to limit the pricing power of these intermediaries, contractual commissions are not to exceed 10%. The most probable source of channel conflicts may be: 1. Between different operators and agents targeting the same market segments 2.

Between the hotel's sales team and either of the intermediary channels, especially the web-site intermediaries who offer customers the lowest and widest range of rates. An understanding of the individual goals of each channel and their roles is also important to minimise conflicts within the network. These are summarised in exhibit XXX and need to be made clear to all channels in the marketing system.

	Brand	Advertising	Pricing	Price	Lead	Lead	Pre-sales	Closing	Aftersal	Informatio	Positionin	g &	strateg	negotiatio	generati	Qualificati	activity	the	es	n &	g	
Promotion	y	n	on	on	(persuadin	sale	service	marketing														
feedback																						
customers)																						
Marketing & Sales Team	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Own web-site & reservation system																						
Travel operators and agents																						
Web-site intermediaries																						

Exhibit 12: Roles within the multiple channel marketing system (Adapted from Dolan, 2000) The highest risk element in operating in this multiple channel marketing system is a dilution of the brand's representation of quality, however, as explained by Dolan (2000), the selective distribution approach is intended to increase the support the channels provides the brand. The hotel's marketing team must therefore ensure that the Debarry brand is always portrayed as a quality

product by all intermediary channels. 6. 3 Promotion (Integrated Marketing Communication)

The promotion will be implemented through a direct and targeted approach whilst also adopting a mass market approach encompassing advertising, sales promotion, public relations and conventions. As explained by Dawar (2004), the indirect approach (agregation) depends on the power of the brand while the direct approach (dissagregation) establishes a 2-way communication. To be continued..... 6. 3. 1 Direct Promotion: Primary focus will be given to regain the grey market which has accounted for 75% of the Hotel's business up till 2005. These repeat customers provide added value by promoting their experience by word-of-mouth to similar like minded people.

These already existing clients will be contacted individually by means of a personalised letter which will highlight the new and upgraded services and facilities of the DH, combined with an attractive (hard to refuse) offer being given exclusively to loyal customers. The offer will include 2 free nights with every 4 nights booked in the Hotel together. It is anticipated that this direct form of marketing will be effective in attracting clients back to the Debarry. It is crucial that these customers receive a unique and personalized experience that exceeds their expectations in order to gain their repeat custom and earn their word-of-mouth promotion.

A form of direct advertising that will cater for both the grey and Small-to-medium conference market are in-house brochures in the rooms and common areas promoting the many services on offer. In particular, the

wellness, conference and gourmet services, of the upgraded DH will receive special features. 6. 3. 2 Indirect Promotion: A mix of other more traditional forms of promotion will be implemented. These promotional activities have been selected with the grey market and the small-to-medium conference market, in mind both in France and beyond. Advertising To address the Grey segment, adverts will be placed in specifically chosen local newspapers and up market magazines, given that 55. 5% of France’s tourism market is internal.

Brochures may be mailed to enquiring potential guests/customers (corporations) as well as picked up internally by guests and passed on to acquaintances and friends following their satisfactory experience at the New Hotel. These brochures will also be distributed through regional tourist information offices. Adverts targeted to both the small-to-medium and grey market will be placed in Local and International Specialist magazines which are aimed specifically at customers seeking a wellness destination or an ideal small conference location and facility. Proper branding of the upgraded Hotel, using an attractive logo and catchy visuals will help the Debarry adverts to stand out from the rest. The message will focus on the Debarry being an up-market hotel offering personalized service in a ‘ paradise’ location. Public Relations & Publicity

The launching of the newly upgraded hotel will be accompanied with a number of press communications in the form of press conferences and press releases aimed at reaching a presence in most local media from newspapers to television to targeted wellness and conference magazines, prestigious hotel guides and gourmet specialist magazines. Reporters and editors will be

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invited to attend the press conference which will be held on site and will be combined with a one night offer to ‘sleep over’ in the Grand Debarry Hotel (GDH). These same media personnel will be kept on the marketing teams contact lists and they will be updated on a monthly basis on new events and news relating to the GDH such that the Hotel will acquire a regular presence in the media, having built a positive and meaningful relationship with the key players within these media institutions (relationship marketing). It is planned that this once a year initiative should be maintained with key media personnel.

A wider though less targeted audience will also be reached by participating in the PLG’s general portfolio thus having a much wider presence and visibility in the UK particularly, at minimal added cost. Sales promotions To further encourage repeat customers in the Grey Segment it is recommended to introduce a Loyalty scheme. For the small-to-medium conference market, other promotions are being recommended to targeted corporations promoting the new GDH Conference facilities and offering attractive discounted rates for confirmed bookings placed in the first year. Key accounts will be targeted such that these can be used to promote the Conference facilities of the Debarry with other Corporations that use such facilities.

The Hotel will also be marketed through ‘seminar call centres’ with whom a business relationship will be developed for the Debarry to be promoted when clients seeking appropriate small business venues call for recommendations to match their requirements. The marketing team and management of the Hotel will attend regional, international conferences and fairs promoting <https://assignbuster.com/marketing-plan-for-hotel-assignment/>

break away and conference destinations to an up market audience such as EIBTM held in Barcelona and IMEX in Frankfurt. Attractive stands, manned by specifically trained personnel equipped with attractive package offers will be on offer during the first year. These are intended to make the Grand Debarry Hotel GDH stand out from its potential competitors. Interactive Marketing A strong presence on the internet will be given priority.

The market segments being targeted by the Debarry (Grey Market and Small Conference Market) are likely to be sourcing potential quality destinations over the internet or through specialised destination management companies. An interactive web site leading to an independent booking system, a 360-degree run-through of the hotel and its rooms and facilities, links with specialist operators within these segments and a high Google (and other search engine) ranking through chosen key words and ‘pay per click’ campaigns will be used. A Hotel blog will be embedded in the website and this will be continuously updated. The Hotel will also feature on leading professional networking sites such as ‘LinkedIn’ and ‘Xing.com’.

All these communication platforms will be integrated to deliver a consistent message that results in positioning the GDH as the leading destination of choice in the Languedoc-Rousillion region for those clients seeking a unique experience in a luxury hotel offering personalized and high quality service supported by a Michelin 2-Star restaurant in a unique location. 6. 4 Price The pricing strategy has to be linked with the overall marketing objectives which is branding a small high quality property. One of the primary objectives of the pricing strategy is to recoup the hotel’s investments within the stipulated payback periods. This requires a rapid increase in market share with a

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pricing policy aimed at regaining and maintaining the grey market while effectively penetrating the new small-to- and medium conference size market. Pricing plays a key role in communicating value to customers so its compatibility with the other mix elements is crucial.

The 6-step procedure defined by Kotler and Keller (2008: 423) is used to determine the price. Pricing Objectives The pricing objectives differ depending on the targeted market. For the grey market, a price leadership strategy is recommended which will see a high end product being sold at relatively competitive prices. Considering the grey market to be price elastic, this should allow the hotel to re-generate sufficient demand to recapture this lucrative segment which has always been very important to its survival. For the small-to-medium conferencing market, being less price sensitive, it is suggested that rates are set at a higher level than the grey market. In act, penetrating the small-to-medium conferencing market does not necessarily imply setting up aggressive pricing because the hotel does not aim for the mass. Therefore, a price skimming strategy is recommended for the meetings market since this market is very demanding and generally accepts a higher price as long as the value is maximized. The higher price should also aid the brand in communicating a superior product. Since the conferencing market is not considered to be so price elastic, demand generation should mostly focus on the advertising and promotional activities, discussed in Section 6. 3. Demand and Price Differentiation The refurbishment will include suites and executive suites, giving the possibility to register additional revenue by selling these upgraded rooms at a premium.

A differentiation in pricing is also being conducted with regards to sea view and country view rooms, suites, and executive suites. The sea view rooms are to be sold at a high rate than the inland rooms ensuring that revenue is maximized wherever possible. Seasonality also plays an important part in deciding the pricing strategy and it is being recommended that prices for the grey market are set at a higher level in the peak period from April to September, when the market is buoyant, whilst for the winter months room rates will be cheaper to attract more business. The Appendix Revenue Forecast shows how the market mix is expected to evolve during the first 4 years; from a mix highly dependant on the Grey market to a balanced mix involving more business customers.

As the conferencing business establishes itself, it is forecasted that the hotel can achieve a healthy and linear occupancy all year round. Departing from 2005 figures, occupancy targets are aimed at achieving a 10% yearly increase. Costs Evaluation Since the hotel is to improve its overall product in terms of quality and an increased personalized service, it is being anticipated that the overall cost of sales will increase to around 65% of rooms' revenue (currently averaging 62%) . Personnel costs are also estimated to increase to 20% of rooms' revenue (current averaging 15%) as a result of the necessary staff additions and training programs.

These costs parameters are slightly on the high side and are being considered in the determination of the final price and in the estimation of future revenues and profit generation as shown in Appendix P Forecast. The Debarry must also consider its overall costs when adopting pricing and of importance is the coordinated and holistic approach to maximize revenue

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and keep costs under scrutiny to effectively create profits and recuperate the investment within the stipulated payback period. Any management initiatives to drive these costs downwards will increase the potential revenue and profit that can be generated. Analysis of Competition A continuous assessment of the customers' price sensitivity is necessary and attention has to be given to competition.

The reward of a 5-star accreditation should further differentiate the Debarry product offering from its competitors which, together with pricing, should assist the customer during the decision making process. Pricing Method and Selection of the Final Price Target-return pricing is the primary method used to determine room rates. The objective is to cover all cost elements and generate a minimum profit of 10.5 million Euro over the first 4 years in order to cover the investment payback. The final pricing is shown in Appendix Occupancy and pricing. The recommended room rates shown in the appendix is also taking into consideration the seasonal level of demand and market mix. It is recommended to apply a 10% price increase for the grey market in the 3rd year once the 5-star accreditation is acquired, reflecting the improved quality of the brand.

Moreover, revenue is also expected to be generated from the 2-star Michelin restaurant, day memberships at the SPA, and the maximum utilization of the conference centre for day delegates. 6.5 People (Human Resource Management) According to Doyle (2002, as quoted in Henley 2008), quality is recognised as the single most important factor in determining long-run market share and profitability, and in a service industry, nothing is more important than customer service quality. The hotel's main attraction had <https://assignbuster.com/marketing-plan-for-hotel-assignment/>



been the service provided by the People and particularly the leader ' Jules'. A survey conducted among regular customers from the ' grey market' indicated that what was important to them was the sense of a personal and familiar environment and they were concerned that it would be lost.

As indicated earlier, the hotel would have to rebuild the entire organisation's staffing ensuring that the right people and the right infrastructure (ie. Policies and procedures, training, etc. ) are needed as there is a clear link between the people of the organisation and the customer satisfaction levels shown in the Service Profit Chain model (Heskett et al, 1994) [pic] Exhibit 13: Service Profit Chain (Henley, 2008) Thus, starting from workplace design, job design, employee selection and development, employee rewards and recognition and development of the right tools for serving customers, leads to having the right people in the right place with the right skills and tools to deliver the right service.

As the hotel is starting with few staff, it is probably an excellent case for Organisation Design, giving the management an opportunity to rebuild the organisation in a more effective and efficient structure. Assessing the present situation and the needs of the organisation is the most critical part of the ' ADIE' model for Organisation design and development, yet the part which is most often overlooked. Yet, with enough focus on proper Assessment and Design, the Implementation would be relatively easy. Evaluation will provide the feedback necessary to fine-tune or even re-evaluate and take more Organisation Development steps to iron out challenges.

The first focus needs to be on knowing what people the company needs and in what roles (Assessment and Design), obtaining the right staff and training them in the company's values and goals (exceptional customer service) and supporting them through the right balance of rewards and recognition and providing the right tools for the job. Staff requirements will include not only the usual house-keeping, maintenance, grounds management and back office personnel, but there is a clear need for additional staff categories to fill the additional roles identified and to cater to all the new markets targeted: ??? Sales ??? sales staff will be required to deal with local as well as international channel partners, support business clients, etc. ??? Marketing ??? specialised Marketing staff will be needed to implement the Marketing Plan and then to focus on continuous improvement to build and maintain brand image and visibility Conferencing clients ??? there is a clear need for Corporate Events management staff to coordinate the conference activities and associated jobs. The hotel will need to recruit a small marketing and sales team as well as an Events manager that will effectively not only take care of the meetings market but also events, gala dinners, themed nights, and other group related activities. To avoid additional costs this role can also carry the responsibility of the food & beverage operation which is of the utmost importance to the meetings market. ??? Spa ??? with the upgraded spa, additional specialised Spa personnel will need to be hired to provide the services offered. ??? Grounds, parks, etc. specialised staff who can provide tours and offer activities to the guests will allow the hotel to leverage it's grounds, proximity to the National Park and the town. ??? Restaurant ??? a new 2-star chef will need to be recruited as well as experienced staff to ensure that the rating and reputation of the restaurant

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is kept and maintained, as this is one of the star attractions of the hotel. ??? Customer Service ??? the most important of all, will be well-trained staff focused on meeting and exceeding customer expectations by being the ‘family’ that the previous management had been for the clients. Naturally, the most critical element in all this is the right leadership.

The strong leadership in the previous management is what kept the whole thing together, even if the staff performance was not exceptional. With a weak leader or one who is not an embodiment of the values and goals of the organisation, ie. Exceptional customer service in this case, it is unlikely that the hotel will be able to switch the current downward trend, as proven by the interim management team. As the hotel goes through the stages of rebuilding, the leadership style and focus will need to adapt as suggested by Goleman (Henley 2009, p 152). At the beginning it would be important to be Authoritative ??? Pace ??? Setting, giving clear direction to the new personnel.

As they settle and take on ownership of their roles, leadership should move into Authoritative ??? Coaching leadership, supporting each individual into taking initiative and responsibility for own actions and the hotel’s success. Although the leader has been brought in from headquarters, it would also be important in all this that adequate consideration is given to one major stakeholder ??? the local community. One common mistake organisations make is to bring in staff from other parts of the same organisation or other competing organisations (based on the individual’s skills and abilities), often ignoring the local workforce. This can be highly detrimental to the relationship with the community who are usually not only a source of

necessary supplies (food, etc. but also are in direct communication with clients and potential clients who may visit the community for cultural and/or entertainment purposes. In addition, a local workforce may be an excellent additional service to the clients as they will provide useful information on sites to visit, things to do while there, etc. , improving the customer's experiences during their stay and thus increasing the chances of customer loyalty. As the nature of the business is very seasonal, with varying staffing and resource needs, the hotel would do well to identify key roles which are essential to be filled by permanent in-house staff and which could be filled through flexible staffing methods. (Atkinson, 1984) [p