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Mr. Robert King

Sales & Marketing

New Approaches to Filling the White Space

By [Robert King](#), General Manager, Travel & Hospitality, ClickSquared

Vacancy rates in the travel and hospitality industry are filled with peaks and valleys. There are times of almost insatiable demand, and other times when you seemingly can't give your product away. Hoteliers across the industry grapple with this, although depending on geography, time of year, or day of the week, the challenges can be as unique as the properties and locations themselves.

For instance, natural demand patterns for an urban hotel may be business-oriented, which means high occupancy from Monday through Friday, and low occupancy on weekends. For leisure destinations, it's usually mid-week that poses the greatest challenge. Tropical beach destinations and mountain resorts both thrive in the winter, and tend to struggle in the summer. While autumn might be a peak-season money-maker in fall foliage locations, it is typically a "shoulder period" struggle for many – especially those affected by "Hurricane Season". Destinations that rely on family travel ebb and flow with the school calendar. You get the idea.

This spikiness in demand patterns, together with fairly fixed capacity (and "perishable inventory"), has always been a challenge in the travel industry. It is no wonder that the science of revenue management was largely forged in this sector. That said, the low periods may actually offer the greatest opportunity for financial upside.

The Direct Marketer's Call to Action

If you think your only strategy for filling rooms during low-demand periods is to deep-discount the price, think again. The challenge of optimizing revenue in the low season is NOT just the burden of the revenue manager, or the responsibility of group sales.

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Because of the insights that can be gained from understanding past guest behavior, and the opportunity to customize communications to specific individuals based on that understanding, the direct marketer can play a key role in driving profitable revenue during periods of need. Fully leveraged, your customer database is a treasure trove of marketing opportunities. You know who may be pre-disposed -- even prefer -- to travel during the low seasons. You know what type of messages they respond to, and when they book. You know your customers' preferences and purchase behaviors, and can marry those insights with the unique benefits that your property offers even during the low season. You can pinpoint where your marketing efforts will have the most impact; and conversely, what and who to avoid. To be sure, direct marketers can play a huge role in optimizing RevPAR that can make these quiet periods more profitable.

Ready. Set. Market.

Below are some key steps to take to fill the low period.

Understand the need

The first step in problem solving is to define the problem. You need to understand the inherent cyclicity in your business, including the drivers and timing, so you can effectively predict the need periods. For example:

- What are the need periods and why?
 - * Are they day of the week? Season?
 - * How dramatic is the cyclicity? Does demand taper gradually, or does it fall off a cliff?
 - * Are need periods predictable, or do they fluctuate from year to year?
 - * Do you take these fluctuations into account? For instance, Christmas or Spring Break might be predictable spikes, but do you understand how these spikes might be impacted by what day of the week Christmas falls on, if Easter is early or late, or how spring break timing may vary across key feeder markets?
- What competitive advantages do you have that could be leveraged and/or emphasized during a valley period?
 - * Fewer crowds? Easy access?
 - * Quiet and relaxation?
 - * Cooler....or warmer?
 - * Great shopping?

Understand your customers

Next, you need to thoroughly understand the characteristics and patterns of past customers who typically travel during these lulls, and based on this, develop the profile of the ideal customer to target.

- Who are they?
- Where are they traveling from and how do they get there?
- Where do they go, and what do they like to do?



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- Are they alone or with friends, family and/or colleagues?
- How long do they stay...long weekends? Overnight? Extended vacation?
- When do they book? How price sensitive are they?
- Are they inclined to return during the same period?

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In order to fully understand your customers, your marketing database needs to be consolidated so it includes guest data and transaction history from across your operational systems. This data gives you insight into your customers' preferences, either through their self-defined profile, or a profile extrapolated from past interactions and responses to targeted emails or transaction history. Leveraging this information, you can create a deeper understanding of individual guests. You may also want to append customer records with available customer demographic/psychographic information to further flesh out guests' profiles. At the very least, flag your customer records to indicate their propensity for off-season travel.

Identify other candidates to fill need periods

The goal here is to “clone” your best off-season guests. Leverage the data you've collected to identify additional customers and prospects that fit this guest profile. The warmest prospect pool you have is your past customers; scour this data to the fullest.

Next, go beyond your existing customer database. Look at the guest profile data and leverage it to identify other channels for targeted advertising to attract new customers. Consider both traditional and search engine marketing opportunities. And don't forget the international travelers: factors that might constrain regional markets, such as school breaks, might not exist in international markets, or at the very least, timing will often vary.

Develop campaigns around target customer segments

Now you're ready to design and implement highly focused and relevant campaigns around these specific customer segments. You want to avoid the desperate “one size fits all” efforts to fill the white space that depend upon fire-sale pricing, so remember that an effective program needs to be highly relevant to customers and prospects. Incorporate the data you've collected on past guests to create direct marketing programs that speak to their likes, past behavior patterns and explicit or inferred preferences. For example:

- Offer an off-season spa excursion to a prior spa guest or a golf package during shoulder season to known golfers (a “good weather guarantee” might be worth testing in order to measure the ability to influence incremental visitation and lengthen the season).
- Create a well-packaged dining experience, which might resonate with guests who have frequented your finer restaurants.
- Are there special events that could be staged that would be particularly appealing to specific customer segments most inclined or able to travel during this period? It could be elaborate, such as hosting a major third-party event. Or it could be simple, like

offering a Saturday package series that includes a room, spa treatment and a featured guest chef of the month.

- An off-peak visit can be far more likely for those within driving distance, since the complications of finding convenient and affordable flights and securing car rentals are eliminated. Create a marketing program that speaks directly to this segment.
- Are there business travelers that might be inclined to stay the weekend? Are there leisure guests that are more inclined to stretch the two or three day weekend into a three or four day weekend if they knew the breadth of experiences available during their stay?

Use these down periods to leverage your loyalty program and your most loyal guests. Off-peak is a great time to offer reward nights – without the usual dilution and displacement risk. You could also offer incentives that might stimulate reward visitation. While RevPAR may take a hit, the ancillary revenues from activities and dining can be a reasonable offset. Even if you don't have a structured loyalty program with "reward nights", consider offering enticing deals to loyal guests who might not normally travel in off-peak times as a way to recognize, reward and encourage future off-peak visitation. Again, go back and look at their guest profiles. Notice what they've done in the past when visiting your destination and use those insights to create highly personalized, relevant campaigns.

Be sure to coordinate closely with other areas of the organization to fully leverage your direct marketing findings. Collaborate with the pricing and revenue management team to define the types of programs, packages and pricing that will appeal to key customer segments for the low season. Keep in mind what value-adds might be appropriate for various customer segments in order to optimize packaging and preserve yields.

Also, don't forget to augment and support your meeting and group sales efforts. This includes identifying and prioritizing former meeting and group planners who have demonstrated a propensity for off-season travel, and making special offers available for group sales use early on. Identify segments that may be less impacted by the economic downturn and the "AIG Effect" such as government groups or industry associations.

Timely and customized outbound direct marketing communications to meeting planners and other potential group travel prospects can be a valuable source of lead generation for your group sales team. Be sure to emphasize the availability of special packages during the off-season and shoulder season.

Ready to see a little color?

So there IS something that travel and hospitality direct marketers can do to help drive business during the off-season, and during key need periods. The solution is a matter of understanding your customer base and their behavior patterns, and then going after them (and others like them) with targeted, relevant direct marketing programs that take into account their preferences and past behaviors. With a little time and effort, you can craft

programs that engage and attract guests by appealing to their specific likes and dislikes – not just their pocketbooks.

With more than 20 years of experience in the travel and hospitality industry, Robert King has held marketing, sales and senior management positions at a variety of organizations. Mr. King works with ClickSquared clients throughout North America, Asia and Europe to develop and implement highly targeted, timely, interactive customer relationship programs that result in increased ROI. Mr. Robert King can be contacted at 480-603-9403 or bking@clicksquared.com

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