

# Business Planning in the Age of Uncertainty

By Jo-Anne Hill, Founder, JH Hospitality Consulting, August 2016



At the time of writing this article, three key events have just taken place that could impact your hotel: terrorist attacks in the US and Europe, the Brexit decision, and the completion of both political conventions in the US after months of grueling primaries. As we become more globally connected, events around the world often impact customers' travel plans regardless of how close or far away they occur, and make it difficult for hoteliers to forecast the next three months, let alone determine a revenue plan for 2017.

Very soon, hotels will be entering into the annual business or marketing plan and budget 'season'. Predicting the impact of national and global political, economic, and social events on a hotel's performance and then determining a strategic direction will be even more difficult this year. It's not for amateurs; it will require the use of historical data from past successes, awareness of what's happening in the world, business savvy to know how to leverage it, experience to know where to take risks, and out of the box creativity to develop an effective strategic plan for 2017.

Even with all of the unknowns, including some negative press, astute marketers should be optimistic about the future. To help, below are my three insights on how to turn uncertainty into opportunity:

## 1. Hotel (re)positioning

What is your hotel's niche in the market? Who are your customers and why do they choose your hotel versus another?

These are key questions that often go unanswered in usual marketing planning documents, yet with new competitors, including some disruptors arriving into the marketplace, the question of how the hotel is positioned is an important consideration for 2017. Having a differentiated product means that your hotel will stand out in the crowded hotel environment for first-time visitors and will ensure they return. At one hotel, we turned the marketing plan process upside down; we looked first at customer feedback, then determined what makes the hotel unique amongst the competitive set, and after considering the social, economic, and political outlook, strategized the future direction of the hotel for the upcoming year. The result was a completely different Marketing Plan format, a new strategic direction and corresponding tactics that drove success for the following years to come.

But determining the hotel's position also means articulating who the ideal customers are based on market segmentation. It's no news that corporate transient business has declined during 2016 and pundits are forecasting it will continue to be soft given the global economic uneasiness. With leisure and group business predicted to remain strong, how are you recalibrating the market segment mix of the hotel to leverage these trends? What is the plan to find customers to achieve the new mix?

In order to capture more group room nights, brainstorm with the team on alternative places that can be utilized for functions. Not only does this give repeat customers' variety from previous years, but it might also open up opportunities for additional meetings to be booked and possibly attract larger single events.

Increasing the volume of leisure business is all about having a marketing and distribution strategy. Don't forget traditional travel agents, including those outside of the partner programs Virtuoso and Signature. A recent trend is an increase in the use of a traditional travel agent. Even millennials are jumping in, the travel marketing firm MMGY Global reports almost thirty percent of millennials sought travel advice from traditional travel agents in the last 12 months.

## **2. Think globally, act locally**

It's an old saying, and yet it's never truer than today. Awareness of what is going on in the world is paramount, but the most important step is to think through the possible impact to your hotel. With so much of hospitality executives' time spent 'doing' versus taking the time to really step back and think, maybe this is the year to bring in a fresh view from the outside such as a consultant or thought-leader who can facilitate a shift to look at the business from the outside-in versus the inside-out.

For most hotels, the lion's share of accounts is based in their backyard, typically within 25 miles of the property. This is especially true for the corporate transient market segment and often the group segment as well. It was hotels with a more local account

base that weathered the post 9/11 slump in 2001 and 2002, whether it was corporate transient, group, or even weekend leisure business. It is these local accounts and customers that are more resilient to catastrophic global events. Even with less devastating events such as the increase in the US dollar and variation in oil prices, ask yourself how it will affect your business, in the short term and the long term. For example, is there an aspirational customer who might be enticed by low gas prices to stay at your property?

### **3. The customer may be king, but loyal ones are golden**

Never lose sight of the top accounts for each market segment. These become the most engaged customers and the most loyal, making it next to impossible for the competition to dislodge them from the hotel. In addition, they become evangelists for the property and influence others on the preferred place to stay. This includes the booking channel for these accounts, the actual guest, and even senior executives of the organization.

Develop a relationship with each top account with a comprehensive communication strategy that keeps the hotel top of mind on a consistent basis. This includes advising them first of any special offers or programs. It may seem counter-intuitive to do this since they will probably return to the hotel without the need to give the special offer; however, it will engender their loyalty and alternatively frustrate them if they learn about offers through another source.

Uncertain times demand divergent thinking. Perhaps 2016 is the year to shatter the marketing plan template and think outside of the box with a new way of approaching the business and replace uncertainties with opportunities.