



For **independent hoteliers** and owners of guest houses, B&Bs and pubs with letting rooms



## Michael Cockman's **Hotel Profit Systems**

**Sell more rooms, make more profits and have more time for yourself**

### **20 Ways to Combat a Branded Budget Hotel**

Tools and Techniques to help you seize back the initiative and win.

#### **Introduction**

Currently the market share of the budget sector is 12%. But this is projected to grow to nearly 27% by 2027. So says consultant Melvin Gold in a comprehensive report carried out on behalf of Travelodge. This dramatic growth in demand for low-cost accommodation will have an enormous impact on the UK hotel market, particularly on those accommodation providers that do not actively think about their product, positioning and business development.

I believe that essentially it was the complacency of the mid-market independent hotels that encouraged the development of budget hotels in the first place. At the time that development really took off, one and two star hotels were obviously exploiting a shortage of rooms and delivering a poor value experience.

Eventually the market responded by providing better value accommodation. Now there are hundreds of branded (or economy) hotels that are making life very difficult for competing hotels in the independent sector. At the last count Travelodge had 329 units, Premier Inn 490 and Holiday Inn Express over 100. This is without Days Inns, Formula 1 and Ibis et al. All have extensive

plans to develop over the next few years. If there isn't one near you now there is bound to be one soon! But all is not lost.

Due to the nature of these hotels – a standardised product, corporate structure and managed – there are ways to fight back and establish a market for yourself. You have to concentrate on the things that these hotels **don't do** and then do them very well.

This list of 20 actions is not exclusively related to budget hotels but all of them can help establish your business as being different. They are not in any particular order of importance or effectiveness.

## **1 Get organised**

Because budget hotels are managed operations they have a “Manager”. The significance of this is that there is a designated person whose role it is to take the business forward. As you know their business model relies very much on delivering reservations from a central point and through the Internet. To combat this effort you must ensure that you have organised your business in such a way that you spend at least 20% of your time on generating new revenue opportunities.

Do you spend too much time in the operation? Have you released not only your time but also your head?

## **2 Price it Right**

This is one of the most important issues. Where do you price yourself in relation to your local budget hotel? Well this depends. You really have to look critically at your product and evaluate how much your customers would pay extra, or less, for your product compared to the competition. You can find details of their in-room facilities on their various websites:

[www.premierinn.com/pti/ourRooms.do](http://www.premierinn.com/pti/ourRooms.do)

[www.travelodge.co.uk/about/facilities.php](http://www.travelodge.co.uk/about/facilities.php)

Budget hotels are very economical for families but maybe this isn't your market. If you are aiming for young couples getting away for a romantic weekend, then you are likely to be able to command a premium since price isn't likely to be the most important factor. Value is the key consideration and you really need to talk to your guests to really find out their attitude.

## **3 Help not Sell**

This is the attitude you should adopt in relation to ‘selling’. In fact I believe that you can never actually sell anything to anyone: All you can do is give people the information that allows them to buy.

You need to identify all the people who are likely to want your rooms and then focus on offering them any helpful information that will help them make an informed decision.

## **4 Target Carefully**

If you are trying to market to everybody you will probably end up with nobody. It is vital that you focus your marketing activity on trying to attract those guests that are suitable for your business. If you really don't want to accommodate children then say so since there is definitely a market for guests who want a childfree experience.

Look at yourself and your interests. Can these be used to attract guests with similar interests? There is a market for people who want to travel with their pets but be careful about alienating guests who hate them!

Focus on your differences to your local branded operation.

## **5 Stop Wasting Money**

Often marketing funds can be directed more appropriately. Make sure that all your advertising is working for you. You must track the number of responses from whatever promotional activity is undertaken. If you don't know how effective any activity is then cancel it. Use the money somewhere else.

Be very careful about anybody who promises you the earth for very little. Always ask for proof about reservations. Never be afraid to ask colleagues who have already participated

## **6 Network**

If you have allocated the right amount of time to drive your business forward, then spend some time networking. Take advantage of your local Chamber of Commerce, Business Link or similar opportunity. Have a card with you that offers an incentive to visit your website and download a voucher.

Do your children go to the local schools? They are always after prizes for Open Days or Christmas Fairs.

## **7 Sell Benefits not Features**

Look at most hotel advertising: Not very good is it? Much of it is based on a long list of features with no effort to relate these to the needs of the guest. Make sure that you always sell benefits not features.

This is your opportunity to make yourself appear different from the budget hotels. If you're near the countryside mention the benefit of healthy and invigorating fresh air. You may be ½ mile from the city centre but what are the benefits of this?

## **8 Local Sales**

This is a key activity. You must make personal relationships with all local bookers of hotel accommodation. They are your future. You don't have to be scared of this. You are not setting out to sell anything. Start off by ringing all local companies and asking if they need hotel rooms. At the same time see if they book meeting rooms or lunches. This is called 'research' and is much easier than 'selling'.

Once you have identified the good prospects, keep trying to get them to try you out. You must be persistent without being a pest. Research says that you need to make at least 5 contacts and maybe up to 9 before someone trusts you enough to make a buying decision. If you are reluctant to follow up just ask your prospect how they would like to be reminded that you are still there. You then have permission to call.

## **9 Ask the Right Questions**

Before you make any telephone call, write down the specific objectives for the call. Make sure you ask lots of questions and listen to the answers. You will find most of the bookers will be quite happy with the service from their local budget hotel. Don't give up. Try these questions to try and plan your next move:

- What would you like that you aren't getting now?
- What gaps are there in the service?
- Under what circumstances have you, or would you, use somewhere else?
- What criteria do you use when selecting your current provider?

Whatever you do avoid any criticism of your competition. It undermines your own proposition and is an implied criticism of your contact.

When you have all the information you need, write a really compelling sales letter that really qualifies your value. Try to have your contact call you.

## **10 Submit Press Releases**

Free publicity is the best sort. Not only does it save you money but also editorial has more credibility than advertising. Newspapers and magazines are desperate for interesting features. However, they are not interested in pseudo advertising. Think of what might interest readers. Special weekend packages with a difference, new menus, lunch speakers, charity events etc.

Try and make a relationship with the right contact at the publication. They might even have some ideas of their own or can tell you about any planned special editorial features.

## **11 Generate Referrals**

Referrals are different to word-of-mouth, which is an unstructured haphazard approach that works in a very passive way. Having a referral strategy is an organised and structured approach that can make the difference between success and failure.

Of course a referral strategy only works if you give great customer service. If you do, then there is no harm in asking 'Do you know of anyone else who would benefit from our service?' whenever you interact with a satisfied customer.

Also think about how you can set up cross referral systems with complementary services in your local area such as flower shops, hairdressers, gift shops, tourist services, riding schools etc.

## **12 Take Advantage of Testimonials**

The best recommendations for your rooms or your restaurant are from previous satisfied guests. Testimonials are powerful. They create credibility and a sense of security for your prospective customers. However, if you wait for testimonials you won't have enough to do anything with. You need a system for asking for them.

The best time to ask for a testimonial is when they are most motivated which is usually after a great dinner or a romantic weekend. Testimonials need to be specific and always ask permission if you are going to use them in your advertising. They are ideal for your website where you can always use a picture as well.

## **13 Gather Data**

The key to any competitive activity is a real understanding of your customers and their motivations. You really can't take any action with your guests or even your prospects unless you collect their details. You need to set up systems to gather this information. Use your guest registration form to keep information in the type of customer (leisure or business), where they are from and why they stayed with you.

You can use pieces of paper to store information but a computer does give you the option of e-mailing and sending follow up more easily. Use MS Access or Business Contact Manager for MS Outlook.

## **14 Use the Internet**

The budget hotel groups are constantly updating their websites and you do need a good one to compete. You do not need to spend a fortune but you do need your site to be professional. A homemade site often looks just what it is.

To construct a good site you need a designer, a technician and a copywriter plus a touch of marketing expertise. It is very difficult to find one person who can perform all these functions. Decide what you are good at and employ experts for the rest. Most importantly make sure your site addresses the needs of your visitors. Avoid going on about 'your' product. Concentrate on what's in it for your customers. Do make sure that your website reflects your personality and your ability to deliver personal service

Look for websites that promote your area and participate in them (just put <stay your location> into Google and see which sites feature on the first page. Try out some third party sites, particularly those that charge commission, rather than participation fees.

## **15 Talk to your Customers**

This is a major area of difference between your product and the budget hotel. This is your opportunity to establish a real personality for your hotel. Customers don't want to be processed; they want to be appreciated. Particularly during weekdays when they are away from home against their will and just want to get through the experience as pleasantly as possible.

Talking to your customers will elicit a huge amount of information that will tell you the key differentiators between your hotel and the competition. Talk about their needs and use 'you' and 'your' rather than 'me' and 'I'

## **16 Make it Easy for People to do Business with You**

Think everything through from the guests' point of view. How easy is it to do business with your hotel? What happens when anyone phones at 9am? Or maybe 3am? If you have confusing messages on the phone then change them. Make sure that a trained person answers the phone during business hours.

Is your pricing clear and is your promotional material helpful?

## **17 Give to Get**

This is another critical area where you can score. As a business owner you can decide how best to convert sales. Listen carefully to your prospects so you know exactly what they want. If it takes a free room to persuade a wavering prospect, then do it. If a company is planning a series of meetings when offer something special for the first meeting. Give first and you will definitely get later.

## **18 Focus on the Lifetime Value**

It is likely that your customers will come back again and again. This is more likely for your restaurant but is also true for local corporate sales. When you are considering what marketing actions to take, don't think short term. Take into account the annual expenditure made by your customers. A small local company using you for 2 nights a week, a few lunches and Christmas could be spending up to £7000 each year. Consider how much effort, and money, you are prepared to put into gaining and retaining that customer.

## **19 Set Goals and Deadlines**

Whether it is for the day or for the year, take time to collect your thoughts and set yourself goals and deadlines. Without them you will end the day feeling frustrated and fed up. The difficulty of the hotel business is that the 'urgent' always takes over from the 'important' and you get diverted from your goal.

As I said in number 1, you should be spending at least 20% of your time on driving the business forward. This time needs to be programmed and tasks allocated to it. Make sure all your goals are specific (e.g. make 10 calls to prospects each week) and ensure that you create the right environment for

the task. Expecting to be successful if you are checking out guests at the same time as trying to make prospecting calls is just not realistic!

## 20 Have Fun

You started in this business because you expected it to be fun and rewarding. Sometimes this gets lost in the daily commitment. Frustration and stress will slow you down and prevent you from achieving your goals. It is also your duty to make work fun for your team. If it isn't, then what is the point?

This is your opportunity to make your hotel different to the bland budget hotel, make sure that guests want to keep coming back and that they continue to tell their friends and colleagues about you.

**Michael Cockman** is a writer and mentor who helps accommodation providers maximise their room revenue.

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