Exploring marketing and sales opportunities: How companies reach their target market using hospitality and tourism venues for distribution of the product or services

Ricardo J. Rodriguez-Canales
University of Nevada, Las Vegas

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EXPLORING MARKETING AND SALES OPPORTUNITIES:
HOW COMPANIES REACH THEIR TARGET MARKET USING HOSPITALITY AND TOURISM VENUES FOR DISTRIBUTION OF THEIR PRODUCT OR SERVICES

by

Ricardo J. Rodriguez-Canales

Bachelor of Science
State University of New York, FIT
2000

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PART ONE

Introduction

Many companies unrelated or semi-related to travel and tourism have found their niche within the hospitality and tourism industry. Companies who primarily focus on fashion, retail, weddings, outdoor adventure, real estate, sports and entertainment have successfully negotiated space to promote their products and services to hospitality and tourism clientele. This can be seen at the many resorts and casinos that have retail shops in their facilities as well as golf courses, restaurants and clubs that market directly to and make their profits from hospitality patrons. This complimentary mix makes up the diverse experience travelers encounter. To narrow the focus of the study it seeks to identify specific marketing and sales opportunities within travel and tourism. The results of the study will identify ways that a company can market their goods and services within the hospitality industry.

Purpose

In order to gain a fair market share and maintain profitability and success within a competitive capitalistic society, companies must find many ways to get their brand and products in front of the people who will buy them. The demographics of travelers makes them an attractive target market to companies who seek to gain their business. Some companies would be wise to explore the many opportunities within the hospitality and tourism industry to build their marketing databases and clientele. The purpose of this study is to identify specific marketing and sales opportunities within travel and tourism that companies can use to build profits and market share. The motivation for the study is to identify opportunities for Orphan
Experience, a travel and fashion magazine focusing on Caribbean lifestyle and culture that seeks to reach its customers by distributing free copies of its magazine in select locations within the hospitality and tourism industry. Some of the venues that will be looked at are hotel retailing, restaurants, air and private jet carriers and convention facilities.

Statement of problem.

The study will help companies including Orphan Experience who are looking to tap into an existing market and explore new markets by finding marketing and sales opportunities that are low cost and reach a high number of potential customers.

Statement of objective.

This paper will be an exploratory study into the specific marketing and sales opportunities within travel and tourism available to companies who want to reach their target market within the hospitality industry. It examines companies who have successfully expanded their market and increased profits using this approach as well as the specific venues that are receptive to this activity. The study will utilize literature review, exploratory surveys as well as case studies to explore and expand research on the topic of marketing and sales opportunities for outside companies within the hospitality industry. The information gathered will help companies develop a marketing strategy to reach hospitality patrons.

Justification.

Many companies offer products and services that appeal to the world traveler. The hospitality industry is special in that it offers many ways to do marketing and advertising that directly reaches a high volume of potential customers. There is limited research on the types of
marketing venues available and more exploration is warranted including looking at technological advances and how they might provide new low cost opportunities as well as joint ventures within the industry.

Constraints.

The study of marketing and sales opportunities in the hospitality and tourism industry is too broad of a topic to fully explore within the scope of this paper. This study will utilize case studies of examples of companies that are doing this successfully as well as create a blueprint for some insight to Orphan Experience as it seeks to find its niche using viable venues in this expanding market.

Glossary

Hospitality & Tourism Industry.

The hospitality and tourism industry is made up of a variety of interconnected sectors, including lodging, recreational activities, rental cars and food services. All of these sectors work in collaboration with the transportation industry to bring consumers to the destinations where they’ll spend money on local goods and services. According to American Hotel and Lodging Association (AHLA), spending by overseas and domestic vacationers in the U.S. alone was $654 billion in 2005 -- about $1.8 billion per day (AHLA, 2005). The global hospitality and tourism industry, which blends the lodging, food, attractions, cultural and travel industries, is the world’s largest industry with $4.5 trillion in expenditures generating 212 million jobs (AHLA, 2005).

Marketing Venues.
Marketing venues are places or things that allow for advertising, distribution and selling of a product or service. (Wikipedia, 2009)

Channels of Distribution.

Distribution channels are all the elements in the chain that a product goes through before it reaches the consumer. Channels of distribution can include direct selling, an agent, a distributor, a retailer and an advertisement. (Wikipedia, 2009)

Target Market.

Utilizes market segmentation to identify a specific group based on demographics that a company seeks to market to.

Market Share.

Market Share is the percentage of sales controlled by a company of a particular product or service.
PART TWO

Literature Review

Introduction.

The purpose of this study is to identify specific marketing and sales opportunities within travel and tourism that companies can use to build profits and market share. There are many marketing opportunities that companies can explore within the hospitality industry. In addition to marketing some companies find ways to sell their products and services directly to hospitality travelers. This section explores literature on the topic of ways companies find marketing and selling venues within the hospitality industry.

Demographics of the US Domestic Traveler.

According to a U.S. Travel Market Overview study on Demographics the Profile of 2005 U.S. Domestic Traveler Households is as follows (Domestic Travel Market Report, 2006 Edition):

- Average age of Traveler: 46 years
- 70% married, 16% single/never married, 14% divorced/widowed/separated
- 39% of travelers have a college degree, including 17% with graduate work started or completed
- 67% of travelers employed full or part-time, 14% retired
- 36% with Children in the Household
- Annual Household Income: $70,200 mean, $62,900 median

The demographics of the US traveler shows that they have above average income which suggests that they may have more disposable income to spend on gifts, local art, products and incidentals while traveling. Also, many people who are traveling for personal pleasure enjoy shopping while on vacation and usually have money set aside for this purpose. In addition people
generally end up needing specialty items or gifts for people back home that they may purchase while on vacation.

Marketing and Sales Opportunities within Travel and Tourism

Hotel Retailing.

Retail is a logical match with hospitality establishments. Many retail companies benefit from the multitude of travelers who come through hotels each day looking to have a good time and spend money. This can be seen in places like New York City where Tribeca Associates took on a $220 million dollar redevelopment project to develop a vacant building on Hudson Street to include a 171 key luxury boutique hotel as well as 15,000 square feet of retail space (Hotels, 2007). Another example of hospitality venues combining with retail and entertainment is the mega resort City Center that is being built in Las Vegas. The City Center will have over 500,000 square feet of retail/entertainment space primarily consisting of luxury retail and dining establishments such as Rolex, Tiffany & Co., Louis Vuitton and two new restaurant concepts by Wolfgang Puck. The CityCenter is a joint venture between MGM MIRAGE and Infinity World Development Corp, a subsidiary of Dubai World and is set to open in late 2009. The retail space set aside in these types of planned multi-use developments can be used by companies looking to take advantage of reaching the tourism clientele. Travelers to foreign locations are likely to seek shopping that is safe, convenient and enjoyable and this can be found in retail establishments that cater to these travelers by placing themselves adjacent to or on the hotel establishment.

Hotel retailing is gaining momentum. In 2006 at the Hospitality Design Expo a panel of experts gathered to explain “Hospitality Goes Retail.” They discussed the growing trend of hotels developing retail stores either in the establishment or online. They noted the trend of many
consumers wanting to design their homes similar to their favorite hotels. “Catharine Arnston, CEO of HOTELUXURY, detailed how her company works with numerous hotels to develop online retail stores to sell the products found in hotels.” (HB on the Scene, 2006).

Consumers appreciate the ability of purchasing their favorite items from the hotel and this is allows them to adopt a specific luxurious lifestyle and bring it back to their home. In fact hotels like Marriott International which are known for being traditionally conservative recently started a retail program as part of its reinvention called “Revive” where customers can purchase exclusive custom items found in the hotel. (HB on the Scene, 2006).

Hotels spend a great deal of time on the interior design and décor. They represent a lifestyle that consumers identify with. Being able to purchase items used in the design of the hotel allows the consumer to have this lifestyle and this is a factor as to why hotels are profiting from their retail segments. New hotels are emerging called “branded boutiques” or “lifestyle hotels” and are trying to offer the guest a certain experience and bring the feel of a boutique hotel to a wider audience. A good example of this trend is the Hotel Indigo by InterContinental Hotels Group which aims for a natural serenity ambiance and first opened in Atlanta, following with opening in seven more cities. It has also expanded internationally and just opened one in Costa Rica. (Counihan, 2009).

Retail opportunities for companies unrelated to the hotel include owning and running a retail establishment on or adjacent to a hotel, getting your products or services into a hotel’s retail establishment or advertising your product or service within the retail venue.

Restaurants.

Restaurants are another type of business that can generate sales from hospitality patrons. Las Vegas has 24 of the top 100 highest-grossing independent (non-chain) restaurants in the
United States. In 2007 the top restaurant with over $66 million in sales was Tao Las Vegas Restaurant & Nightclub. It is located in the Grand Canal Shoppes at the Venetian Resort Hotel Casino. The restaurant is frequented by celebrities and even has an online gift shop where you can buy novelty items including a woman’s tee shirt for $95 and many other lower priced items.

**Air and Private Jet Carriers.**

Major air and private jet carriers offer opportunities to advertise to a select group of travelers who represent captive, upscale consumers with a high amount of discretionary income. According to statistics provided by United Airlines, the demographics of air passengers are as follows (Airline Advertising Bureau, 2009):

- Age: 72% between 25-54
- Education: 90% college educated
- Professional position: 57% professional/managerial
- Household income: median- $93,822
- Travel in past year: 18% 6+ domestic air trips
- Air travel in past 3 years: 76% international vacation trips
- Real estate: 81% own personal residence

The Airline Advertising Bureau offers opportunities to companies who want to purchase in-flight entertainment ads on airline’s TV equipment. Companies can create 15, 30 or 60 second commercials which will be seen before the on-flight scheduled program. Companies can choose from domestic or international flights and even target their advertising messages to specific passenger segments. For example over a one year period there were over 3500 monthly video flights from the US to the Pacific Rim and commercials shown on these flights reached over 418,000 people. (Airline Advertising Bureau, 2009).
Conventions.

Many conventions related to the hospitality industry bring together large groups of people who have a connection to the industry. For example HotelWorld is an annual convention that includes presentations led by CEO’s of major hotels and resorts, developers and designers and offers vendors many opportunities to exhibit, introduce and market new products and services connected to the hospitality industry. At the 2009 three-day conference held in Las Vegas, NV exhibitors included many top notch hotels and casinos, restaurants, food service companies, textile companies, architecture companies, hospitality solutions companies, cruise companies, electronic companies, etc. These types of conventions offer companies many opportunities for networking, promotion and marketing of their product or service including sponsorship marketing opportunities such as placement of logos on badge lanyards, show bags and the ability to broadcast their product/service on convention TV and radio programs. Another annual convention is the Luxury Travel Expo held in Las Vegas, NV where more than 2500 travel agents visited roughly 600 exhibiting companies including tour companies, cruise companies, private jet and yacht companies, luxury hotels and resorts as well as many others. (Luxury Travel Expo, 2009). This convention represents a great opportunity to reach a more specialize market, the luxury hospitality market and companies should consider ways to capitalize on marketing and sales at these types of conventions.

Magazine Distribution in Hospitality Venues.

The concept of distributing a magazine in hotels as a free amenity to guests is not a new one. For example eHispanic meetings and Travel Magazine utilizes hospitality venues in its distribution. The Travel Magazine publication is published six times a year and is distributed in
Convention and Visitors Bureaus, hotels, resorts, airlines, cruise lines and state tourism offices. In addition, tourism guides like the British Virgin Islands Welcome Tourist Guide is published bi-monthly and distributed to all visitors to the British Virgin Islands. These types of publications offer companies trying to reach a niche tourism market a great opportunity to advertise in these publications.

*Orphan Experience Magazine*

Orphan Experience will be a travel and fashion magazine that will target travelers from the US to the Caribbean. It will cover the location, major attractions and overview of each island with a top ten things to do on each island. The magazine will feature one of the islands for each issue and go into more depth on that particular island such as places of interest, shopping, outdoor activities, dining and cultural attractions information. The magazine will feature ads for its products associated with the Caribbean culture and orphan experience will feature its products, which can be ordered through mail order or online. Products will range from authentic Caribbean shirts like the Guayabera, to cigars from the regions to art from distinctive artists from the region.

*Conclusion to Literature Review*

The hotel and tourism industry offers many opportunities for companies to gain their market share of the profits of this billion dollar industry. Literature suggests that there are many venues for marketing and selling products and services within this complex and exciting industry including hotel retailing, restaurants, air and private jet carriers and conventions. Companies wanting to expand their market base and reach more customers who have discretionary income should consider the many opportunities to find their niche within the
industry. There is literature that suggests that magazine distribution in hospitality venues can be a successful option of reaching a select demographic of travelers.
PART THREE

Introduction

This study can be defined as a casual exploratory research study that addresses the problem of how Orphan Experience, a travel and fashion magazine company can find marketing and sales opportunities that are low cost and reach a high number of potential customers in the hospitality and tourism industry. The exploratory study seeks to evaluate Orphan Experience’s marketing objective of reaching its customers by distributing free copies of its magazine in select venues such as in hotel and restaurant lobbies, on air carriers and at conventions.

Methodology

The methodology used for this study was an exploratory research study that would use experience surveys as well as case studies to identify the feasibility of a company such as Orphan Experience reaching its target market using the hospitality and tourism industry. Data gathered from the experience survey as well as information gathered from the case study similar to our problem situation will lead to better understanding and discovery of insights and hypotheses suggested for future research.

Experience Survey

An experience survey (see appendix A) was developed to understand consumers purchasing habits while traveling. This survey would also serve to identify the demographic of the target market that Orphan Experience is seeking to reach as well as gain insight into their travel behavior including, purchases, activities and receptiveness to the company’s plans to distribute free magazines in hotels. The survey was given to a convenience sample approximately 90 people who are friends and associates on the researcher’s Facebook page. The
sample represented a wide range of people from all backgrounds and life experiences with some common characteristics such as similar age range and internet savvy including surfing the net and internet networking. Of the 90 people 15 people responded by filling out a survey. This represents a response rate of 16%.

Results. Experience Survey.

The results of the experience survey were as follows. Of the 15 respondents all had traveled at least 2-3 times in the past year. The predominant age range was 26-35 with 1 respondent in the 19-25 range and 1 in the 36-45 range (this may have been a bit skewed because most of the sample population fell in the 26-35 age range anyway.) The occupation, educational level and yearly household income were representative of the demographics of the US traveler in that they have above average income and most have at least 1-2 years of college. Of the 15 respondents, on their last trip 13 people had traveled within the US for their last trip and 2 had traveled abroad, 10 had uses an airplane as their mode of travel and 5 had used a vehicle. The most popular activities while travelling were shopping, food and sightseeing. As far as their spending habits, 4 people reported having spent in the range of $101-200 on themselves, 4 spent $201-500 and 5 spent over $500 while traveling, and only 2 people reported spending $0-50. From the section of the survey that asks about magazine interest, all respondents liked looking at magazines while traveling. The highest percentages looked at them on planes or in hotel rooms and all of them would appreciate a complimentary magazine in their hotel room. Only 5 respondents reported subscribing to magazines but all respondents said they would subscribe to a fee magazine if they were interested in its content. Only 2 respondents reported having purchased items from an online catalogue and 8 people reported purchasing items online.
Interestingly, 4 respondents had purchased items available for purchase in hotel rooms and the range of items included linens, robes and toiletries.

**Recommendations for Future Research**

Although the data gathered from the experience survey contained some valuable information concerning spending and interest habits of people while traveling, a more focused study on a broader scale would provide better insight into whether a company would benefit from reaching their target market by distributing free magazines in hotels. A pilot study where primary data is collected from consumers of concern including group interviews, and in depth interviews would help understand consumer buying and preferences while traveling. A pilot study might include printing up a small run of magazines and getting them into a particular hotel and then conducting focus groups or depth interviews to find out what they liked or disliked about the product.

**Case Study: TravelHost.**

TravelHost, a Dallas-based chain of more than 120 magazines that are distributed free at hotels throughout the country was founded forty years ago by James E. Buerger as a weekly television guide for hotel rooms and now can be found in one third of all hotel rooms in the United States, approximately 1.3 million. TravelHost’s mission is “dedication to serving the traveler” and it is estimated to be read by over fifteen million travelers each month. TravelHost publications are magazines that offer city guides, advertising, articles, activities and happenings in the local area served by each edition. Ad costs are the primary form of revenue for the company. Dwight Einzinger, associate publisher/owner of the Northern Utah edition states “We’ve signed up almost every hotel in our area…most hotels have been absolutely open-armed
about having me come in. It’s a free amenity for them and their guests. Who wants to turn that down?" (Rattle, 2009)

Case Questions and Case discussion.

One question that comes to mind is what reasons would a hospitality establishment not want to offer a free amenity such as a magazine to their customers? A possible consideration would be the content of the magazine and if the hotel management feels that it is appropriate or not for the clientele of the establishment. The model of TravelHost to provide a magazine that is tailored to the particular market that it is being distributed makes it a more attractive amenity than a magazine that is unrelated to the clientele of the hospitality establishment. Another aspect worth exploring is the added benefit of using the magazine as a marketing tool to sell a company’s products in addition to generating revenue from selling non-competitive ad space in the magazine. Some further research into the business model of TravelHost and how they have achieved such a high level of success becoming the number one magazine in market share in the hotel magazine industry would provide valuable information to a company just starting to break in to this industry.

Conclusions

With all exploratory research it is important to remember that the purpose is to gain insight and the information gained from the research usually aids in the definition of a problem rather than solves it. This exploratory study has shown that there are many venues or opportunities for gaining a market share of a valuable demographic, the traveler. This study examined some viable marketing and sales opportunities within the hospitality and tourism industry including hotel retailing, restaurants, air and private jet carriers and conventions. Some
exploratory research has suggested that consumers are receptive to free magazines while traveling and this can be a useful way of marketing a product or service.

Considering the limited number of respondents of the experience survey used in this paper as well as the lack of an objective and targeted sample to my experience survey, I would suggest a more targeted survey to better understand the receptiveness of potential hospitality customers to a free magazine about Caribbean travel and culture would be advisable. One possibility would be to create a similar experience survey and conduct it at a hospitality establishment in the Caribbean or on a cruise to the region that would have the kind of clientele that the magazine is targeting. It is important to note that the magazine must be of interest to the consumers otherwise just being a free amenity will not mean much if it is not picked up and looked at by potential customers. The importance of creating customer value and satisfaction cannot be overlooked. The product must be exciting, entertaining and engaging to its reader otherwise many marketing dollars would be put to waste. The marketing concept must be well thought out and must determine how to best reach and satisfy the wants and needs of the target market. The service culture of the hospitality industry in general makes it an attractive venue for cooperative marketing opportunities and many establishments would likely welcome adding a free amenity such as a magazine to offer its guests. The key would be to offer a product that appeals to the guests. If this is accomplished and the magazine is available in select locations where it is seen by the right people, there is potential for the company to get its products seen and ultimately purchased by the right people.
REFERENCES


APPENDIX A

Travel Questionnaire

The intent of this questionnaire is to find out consumer purchasing behavior of travelers. The questionnaire will take about 10 minutes to fill out. Thank you for your time.

1. How many times have you travelled for business or pleasure in the past year?
   - 0-1 times
   - 2-3 times
   - 4-5 times
   - 6 or more times

2. How do you make your travel arrangements?
   - Self planned itinerary
   - Used travel planner

3. What activities do you find appealing while traveling:
   - Shopping
   - Food
   - Nightlife
   - Sightseeing
   - Sports or other recreational activities
   - Outdoor adventure activities
   - Other: ________________________________________________

4. What areas of interest appeal to you while traveling:
   - Local activities/information
local cultural products
information on the local area
Other: ____________________________

5. What is your age:
   ___19-25
   ___26-35
   ___36-45
   ___46-55
   ___56-65
   ___over 65

6. What is your sex: ___ male ___ female

7. What is your marital status: ___ single ___ married

8. What is your present occupation:
   ___ business and professional
   ___ salaried and semi professional
   ___ skilled worker
   ___ laborer
   ___ student
9. What is your yearly household income:

- $0-$5000
- $5001-$10000
- $10001-$20000
- $20001-$30000
- $30001-$45000
- $45001-$70000
- $70000 and above

10. What is the highest level of education you have completed:

- elementary school
- junior high school
- high school
- trade or vocational school
- 1-2 years of college
- 3-4 years of college
- more than 4 years of college

11. What was the purpose of your last trip:

- business
- Pleasure

Other: _______________

12. Where did you go on your last trip?

- Within the US. Where did you go? _______________
Abroad. Where did you go?

13. On your last trip what mode of transportation did you use to get to and from your destination?

- Car
- Airplane
- Cruise ship
- Train
- Bus
- Other:_________
14. On your last trip did you purchase any items for yourself?  __yes  __no

If yes, approximately how much did you spend?

- $0-50
- $51-100
- $101-200
- $201-500
- over $500

15. On your last trip did you purchase any items as gifts?  __yes  __no

If yes, approximately how much did you spend?

- $0-50
- $51-100
- $101-200
- $201-500
- over $500

16. Did you like looking at magazines while travelling?  __yes  __no

If yes, where do you get the magazine:

- airplane
- hotel lobby
- hotel room
- gift shop or store

Other: __________________________
17. Would you appreciate a complimentary magazine in your hotel room? ___yes___no

18. Have you ever picked up a magazine from a hotel lobby? ___yes___no

19. Do you subscribe to any magazines? ___yes___no

20. Would you subscribe to a free magazine if you were interested in the content? ___yes___no

21. Have you ever purchased from a mail order catalogue? ___yes___no

22. Have you ever purchased items online? ___yes___no

23. Have you ever requested to buy any items that are available in a hotel room?  
If yes, what items? _________________________________________________________

24. Do you remember any advertisements during your trip? ___yes___no  
If yes, where do you remember seeing advertisements?  
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Thank you for your time!