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THE DISH ON NICHE

Tighten Your Focus and Watch Your Revenue Grow



By Andrew Freeman, President, Andrew Freeman & Company

“Spray and pray” is so passé. Gone are the days of promoting yourself to everyone in the hopes of capturing anyone. With the advent of technology, the increasing presence of the Internet and the growing savvy of travelers, it’s now possible – and necessary – to shrink your focus and target very select groups of customers. **Niche marketing** may mean going after fewer guest segments, but you may find these smaller groups are so much more qualified and loyal, generating greater revenue at a lesser cost as a result.

What exactly is a niche market? It is a small group of potential and existing customers who fall into very specific, well-defined demographics and psychographics. Rather than targeting everyone who needs a hotel room, for example, a niche market might be made up of female corporate executives who travel frequently for business and who look for particular amenities, services and locations convenient to their demanding schedules. If your hotel targets a niche market – and does it well – the group of customers in this market are more likely to remember you, continue to use you and also refer you to like-minded others.

Be prepared before you venture into a niche market. This is a point that cannot be stressed enough. No matter what your targeted group, spend the time and invest the resources beforehand to make sure your hotel makes sense for the niche market you are aiming to capture. You must ensure that your program is well researched, that you understand the buying and behavioral patterns of this group, and that the services, the amenities and the brand your hotel offers exceed the expectations of your targeted niche market.

Your Niche List. How Do You Start?

- Evaluate all the potential customers for your hotel and compare them to your brand and concept to see which niche markets could be the right fit for you. Be sure to look at your existing customer base too. You may find an ideal niche market ready and waiting within your current business mix.
- Do your homework. Every segment you’re investigating has demographics and psychographics that may or may not be what you’re looking for, so cast the net wide enough to see if there’s a group within a larger segment that may yield the kinds of results you’re seeking. As you’re doing this, keep in mind the results you want: building brand awareness, increasing exposure/revenues, or community goodwill to name a few.
- Choose two niche markets to start. Choosing at least two means you aren’t investing all your time, energy and budget into one as-yet untested market. At the same time, choosing no more than two allows you to focus your attention and not spread yourself too thinly over too many projects.
- As you get into niche marketing, remember that you can’t be everything to everyone. It’s okay if there are some niche markets that, while seemingly lucrative, simply don’t fit with your hotel’s brand and concept or are simply too time and energy consuming to justify the endeavor.
- Finally, choose the niche market that you and your hotel team can get behind and fully support.

Gotta’ Be Real. How Do You Launch?

You’ve done your homework. You’ve found one or two niche markets that appear suited to your hotel’s brand. Now you want to develop an operations and marketing plan that go hand in hand with each other, both strategically and tactically, just as you would with any other initiative. Operationally, you want to implement those standards, services and amenities that truly benefit the niche market you’re targeting, while your marketing plan includes attention to typical elements such as advertising, public relations, Internet marketing and evangelism marketing. In addition, some key points to incorporate:

- Let your program grow organically, rather than it all being about sales and marketing. Before making sweeping announcements that this is “who we are,” allow your customers the opportunity to tell you what they want and integrating these elements along the way.
- Avoid stereotypes. Nothing will diminish your credibility faster than making sweeping announcements that this is “who you are” and labeling the customers in your niche market. For instance, simply hanging a rainbow flag and calling your hotel gay-friendly could seriously backfire – if you don’t have the employee training and guest programs that uniquely appeal to the LGBT market segment.
- Do it right. Know your demographics and psychographics so you can be set up for good business.
- Be authentic and walk the talk. For example, you may determine that one of your niche markets is families with children under 10. So, in addition to the obvious amenities and services at your hotel, like baby strollers and babysitters,

get everyone – you and your staff – involved with a local charity or community organization that helps kids, like Big Brothers Big Sisters.

- Follow through. This kind of marketing takes effort and perseverance. If you develop a plan, put all your well-thought-out pieces in place. Look at this as a long-term initiative, not short-term or trendy. People can see through something that's not real, not authentic. If it feels like a gimmick, they won't buy it.
- Think about hiring a niche expert or agency to guide you in developing and implementing a plan towards reaching a niche market. There are many marketing firms and consultants that specialize in reaching niches. Here at Andrew Freeman & Co., we work with several of our clients to bring them to the women's and LGBT markets.

Show Me The Money. How Do You Track?

As with any initiative, it is as critical to put the effort into tracking the results of your efforts. Make sure your tracking methods are in place, whether they be setting up a unique telephone number or a dedicated website page, a special e-mail address or a particular code tied to any part of a related promotion. Remember too that building goodwill or turning customers into evangelists and sales people for you may not be measurable in actual dollars, but do translate into revenue.

Ready. Set. Niche.

Now you're ready. And niche markets can be found everywhere – some of the examples that have gained visibility in the hospitality industry include:

- Women business travelers: Women business travelers are rapidly increasing in number, now making up about 48% of the corporate traveler market segment. Hotel groups like Kimpton Hotels that recognize what is important to the female business traveler such as business amenities, central location, and safety – will gain her loyalty, repeat business and referrals to other female business travelers.
- Eco / environmentally friendly: As environmental consciousness grows, so too does the desire to support those businesses with eco-friendly policies. Hotels have a tremendous opportunity to participate by implementing eco-friendly practices to reduce water and energy consumption, recycle and use environmentally safe cleaning products.
- Pet friendly: Pet owners are always looking for places, including hotels, where their pets are not only welcomed, but attention, detail and care is given to the four-legged guests' needs too. The JW Marriott San Francisco's "Pooch, You Have Pull Here" program is a great example of building loyalty with guests through the mouths of Fido and Fluffy.
- Technology: Hotels like the new hotel renew in Waikiki (launching June 2007) are investing more on the latest and greatest technology. The majority of it is invisible so guests are not bombarded if they're not interested, but those in the know will be thrilled by gadgets big and small like projection screen televisions, MP3 player docking stations with high-end headphones in each guestroom, and an entire hotel that offers WiFi access.

The customers in a niche market are typically very loyal to places that really understand them. The benefits of such loyal customers are obvious: repeat business, referrals (your customers act as evangelists for you, the best kind of sales people), potential for meetings, large groups and business around the group's focus or interest, all resulting in increased revenue.

However, no matter what niche market you decide to target, keep in mind that every guest still loves a great bed, warm service and a clean room. These things never go out of style.

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