

PRESIDENT OF THE JAMAICA HOTEL & TOURISM
ASSOCIATION
PRESENTATION TO THE
TOURISM OUTLOOK SEMINAR 2010
FEB. 2, 2010

MARKETING IN A TIME OF RAPID FIRE CHANGES

Master of Ceremonies

Minister of Tourism – Hon. Edmond Bartlett

Distinguished Panelists

Members of the Tourism Fraternity both locally and internationally

Ladies and Gentlemen:

I' have been asked to speak at the tail end of this topic after much more learned speakers who have quite adequately covered the subject of marketing in these difficult times. I will nonetheless take a stab at it.

The principle of Marketing is such a broad discipline that very few occurrences can shake its fundamentals that would render it redundant. At its core, it assumes that the matching of a Saleable Product, with a willing Client is the determinant of the successful selling proposition. If you accept this simplified version of this important principle then you will go on to accept the views I hold below:

Few tourism businesses could have predicted the tough times ahead – if the 2008 and most years before it was to be

used a measure. As world tourism grew in 2008 by 6% it went on to have the wind knocked out of its pacing due to the now well documented world economic crisis and closed 2009, notwithstanding an improved 4th quarter with a 4% decline. No region of the world with the exception of continent of Africa was spared the reality of declining tourism fortunes with arrivals down and the revenues depended upon by many of these countries taking a nose dive, either in direct relationship with the drop in arrivals or as in most cases, due to the results of steep discounting that was instituted to stimulate the traveling public.

As the world's banks crashed - imitating dominoes, revealing the fact that although on a political level we refuse to admit how integrated our lives and economies are, the financial sector had become so interwoven that the sheer size of the cross fertilization of investments among the major banking outfits and their subsidiaries, left most countries, their businesses and people with little safeguard from the freefall that took place when previously impervious investments devalued and in many cases disappeared all together. With that went jobs, businesses and the all-important Consumer Confidence required for normal economic activity in the world markets. Tourism, particularly the leisure market as we know it is a feel-good product and it depends therefore

quite significantly on the Consumers of the world feeling that they possess the financial stability to part with discretionary income, which in so many cases is savings or even more popularly these days through credit. The decision to take a vacation when international headlines screamed foreclosure, job losses and disappearing pensions was hard to counter when so many of the 'new travelers' were moderate earners, who sought to travel in spite of not being rich - preferring to live now and pay later. This carefree decision was now much harder to make.

Interestingly, in the mix was the response of the world's Tourism Sector, when faced with these sharp declines in projected arrivals. Most countries and company's not sure how the deep the financial crises would get, opted to withdraw marketing spend as a first option of protecting limited cash flow and no doubt hoping that a solution would be found to the crisis that would hopefully cause a reversion in both business and consumer confidence. After all, it couldn't be possible for some of our big businesses rumored as being in trouble being true. Unfortunately, since the Q4 of '08 till Q4 of '09 only a few of the Mega Banks and comparable Manufacturing conglomerates rebounded sufficiently and so many only through the stimulus packages of their governments. Still the jobs market suffered,

showing that the losers were and continue to be mainly the workers within these businesses. Those workers - or for use the unrealized tourism clients became the basis of declines in arrivals to these conservative tourism marketers.

There was a converse reaction however, by some tourism players and a deliberate strategy of targeted Marketing, mixing aggressive downward rate adjustments, with hardnosed advertising buys, travel trade familiarization and Internet positioning. Those who sustained the brand awareness campaigns were rewarded in most instances with either a far more moderate decline in their arrivals and in some cases even enjoyed increases. Few however, have been able to report increased profits over their 2008 levels. In fact, the opposite would be more accurate. The name of game in 2009 was simply staying alive.

2010 although forecasted by the UNWTO to see growth in world tourism by 3-4% does not present a great deal of hope in relation to the ADR. As while travel will see increases, the consumer's appetite for price reductions is showing very little sign of changing in the short term. The buyers market will obtain for the foreseeable future and prices are only likely to be increased when there is a perceived improvement in value due to quantifiable refurbishing,

improved amenities and or service. For most of us the marketing strategy of knowing, finding and converting your customer is going to have to be heavily leveraged by a strong operation shift to improving the cost effectiveness of the businesses.

The marketing strategy of “A dollar saved is a dollar earned”, becomes a more powerful tool for business survival than ever before and must be put into the mix. Of all the tourism businesses out there, hotels are such heavy users of cash for inventory of all types, staff, and utilities and so much more, that when rates are under pressure the impulse to cut back on services is overwhelming. The only thing sacred in reforming your costs must be your commitment to quality and service delivery. Where this is assured, be responsible but aggressive in revisiting every line in the expense accounts. Successfully renegotiating contracts, buying harder, conserving on utilities and staffing efficiently can result in pleasant surprises on the balance sheet.

When you have been successful in aligning your cost, now recommit some of those funds to your marketing efforts, as 2009 has been a hard teacher to many of your competitors, and having been burned by the decision to exit the marketplace, they are now out there seeking your market

share. Use some of the savings to Buy some roller skates to help you move faster when visiting travel agents offices and calling those you cannot get to in your in database, call your past guests and celebrate the important anniversaries they painstakingly wrote on your registration cards – which by the way many of us never before remembered to check. Call your weatherman and plan to be in some serious snow before the winter ends as summer and winter bookings are being decided right now in the markets that make you shiver.

The principles of marketing didn't change. The fundamentals have definitely remained the same. What have changed are the customers and probably even the price. Change with it, and dare to survive the recession and even grow your businesses.

Thank you.