

Five conditions to get through the crisis without too much damage

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By Thierry Poupard

Household's consumption and spending of are mixed in this difficult period of time and many retail businesses are experiencing a decline in their customers visit frequency. But what can make some brands or outlets resist better than others? In terms of marketing, sales and customer service there are five conditions to fulfill and they all relate to fundamental and adaptability of the brand or the outlet, not to its size.

- **High awareness:** a hotel or a restaurant that is in the consumer's mind has a better chance of maintaining its occupancy level compared to an unknown operator. This level of awareness refers to the trading area whether it is the neighbourhood, the region, the country or the world. It is never too late to do whatever must be done to get known like handing out flyers, improving the visibility of the sign, prospecting offices around, advertising in paper guides, having an efficient (attractive, user friendly, enabling on line booking) web site, popping up on web search engines, or being listed on major on line booking platforms. These are not luxury but investment. In order to be desired, one ought to be known first.

- **Positive image:** an excellent image means customers faith. When the trend is to limit dining out and travelling, they will make the choice of safety rather than adventure, they will select a place that they like or that has good reputation rather than one they have never visited or heard about. While awareness can grow relatively quickly, image building requires time, day after day, customer after customer. In the hospitality business, the quality of welcoming and service are the foundations of the image on which the intransigence is mandatory. Even, and especially, in times of crisis.

- **Flexible marketing:** better be a chameleon than a dinosaur. When demand is high, it is sufficient to match it. One may even try to amplify it with innovative and diversified services or products. But when it is at half past one must go to the same direction as the customer's. A place whose offer, in a period of decreasing purchasing power, is identical to that which prevailed in happy days has a good chance to stall with the market. The ability to adapt the menu and to propose meals and dishes that meet the customers' expectations is a strength. For the hoteliers, if price has become a dissuading factor, they should focus on mid-size rates. Once the customer is captured and shows up there will be then an opportunity to suggest to him an upgrading.

- **Price consistency:** In tough times, it is very common to see retail businesses discounting and cutting prices in order to maintain their volume of activity. This mistake can be fatal for four reasons: first, there is way back. To the consumer there is no justification to resume high rates if they have been unless if this goes with incremental service. Second, "low cost" is simultaneously a positioning and a business model. Low cost companies haven't become low cost, they were created that way. Third, even when times are tough people want quality, not price cuts. A lower price is suspect, it induces a lower quality, it could be an image killer. Fourth, what is the purpose to maintain the level of sales - and of all related charges! - if it is to reach a lower profit? The rationale for a hotel or a restaurant, like any trade, is to capture customers and to have them visit more frequently; its goal, as with any business, is to make money. The purpose of marketing activity has so far been to generate ideas which, once

implemented, would have a positive impact on sales. Now it must be on profit. The bottom-line is both an indicator of success over a period of time and of sustainability of the company. The strategy should shift from selling what is most expensive to what is more profitable, even if the two are correlated. Hence the need to use the right indicators to measure precisely the gross margin in currency (not in percentage) of each product or service available.

• **Contextual communication:** the consumer says that the main reason he reduces his expenses in restaurants and hotels is due to the decline of his purchasing power. This is no assumption but fact, and facts are vital to efficient advertising. The message must be in tune with customer's demand i.e. just tell him what he wants to hear; otherwise it will not be heard. Is nowadays the consumer receptive to these ads that talk about fun, games, lotteries? He wants to be reassured and, as an incentive or to help him take a decision, he has become highly receptive to value.

Conclusion

The current context requires to conquer additional sales, those that would not have occurred, with customers as well as with not-yet-customers, if nothing had been done. This is highly suitable since the profit that is made on additional sales is only bound by variable charges, thus, it has a much higher rate than the (forecasted) operating profit. Inaction is not an option and it is time to take the appropriate decisions and to make every possible effort to get through this crisis without too much damage.

About the Author



Thierry Poupard is a French citizen and lives in Paris. He is currently an independent consultant in marketing, sales and service for restaurant, hotel and spa industries in France. Feel free to visit his web site www.thierrypoupardservices.com or to contact him on his blog or by e-mail tp@thierrypoupardservices.com about this article or any subject that relates to this field.

Previously he was Director of Strategic Marketing of a large European fast food chain, consultant on local marketing and sales for retail chains and networks, account director in various advertising agencies. He holds an MBA from University of San Francisco.

In addition to his professional activity, Thierry is the author of "Service Attitude" published (in French language) in June 2007. He is speaker at H.E.C. school of management for Executive Education and MBA Program, trainer at IFHOR (school for employees of hotels and restaurants), member of [the Leaders Club](#) (restaurants) and [Restaurants sans Frontières](#) (caritative) associations, columnist on neorestauration.com since January 2006, and partner of [NESS](#), the Wellness Business Magazine.

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