

BRAIN WORKS ACADEMY

HCM 237 Summary

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Here is a very detailed, step-by-step summary of Module 1 of HCM 237 Hospitality Sales and Marketing.

The language is simple and clear, with bolded headings and subtopics so that even a complete beginner can understand.

MODULE 1: INTRODUCTION TO HOSPITALITY SALES AND MARKETING

This module teaches you the basic ideas behind marketing in the hospitality industry (hotels, restaurants, cafes, etc.).

You will learn what marketing is, how it differs from sales, why customers are so important, how to choose your target market, how to make a marketing plan, and how to analyze your business strengths and weaknesses.

UNIT 1: INTRODUCTION TO SALES AND MARKETING

What is Marketing?

- Simple definition: Marketing is about finding out what customers want and then giving it to them at a fair price and profit.
- It is not just selling — it starts before a product is made.
- Marketing includes:
 - Finding a group of customers
 - Designing products to satisfy them
 - Setting a price they are willing to pay
 - Making the product easily available

Why Are Customers So Important?

- Without customers, there is no business.
- If buyers buy only once, businesses will fail.
- The biggest challenge of marketing is to turn first-time buyers into repeat customers.
- Slogan: “The customer is always right.”

Difference Between Sales and Marketing

Sales Marketing

Focuses on selling existing products Focuses on customer needs first

Tries to get people to exchange cash for a product Designs products to satisfy needs

Short-term Long-term

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Part of marketing Includes sales as one part

Marketing Concept (The Right Way to Do Business)

The marketing concept means: “Find wants and fill them” instead of “Make a product and sell it.”

Three Main Parts of the Marketing Concept

1. Customer Orientation – Focus on what customers want, not what you want to sell.
2. Organisational Orientation – Everyone in the company (from cleaner to manager) works toward customer satisfaction.
3. Mutual Profitable Exchange – Customer gets satisfaction, company makes profit. Both must benefit.

Other (Less Effective) Concepts

Concept What It Means Problem

Production Concept Make more products faster and cheaper Ignores what customers really want

Product Orientation Make high-quality products with many features May not meet customer needs

Service Orientation Decide quality and type of service without asking customers Can miss good opportunities

Sales Concept Push hard to sell using promotions Only works short-term; ignores customer needs

Problems with the Marketing Concept

- Some critics say it focuses too much on buying/selling instead of building relationships.
- It may ignore company strengths just to please customers.
- New products (like computers) may be invented without customer demand.

UNIT 2: MARKETING IN THE SERVICE INDUSTRY (HOSPITALITY)

Brief History of Hospitality Industry

- Originally called Hotel and Catering.
- Now called Hospitality – covers accommodation (places to sleep) and food & beverage (places to eat away from home).
- The industry is capital intensive (needs a lot of money to start).
- Many owners lack experience, which hurts quality.
- Effective marketing is essential for success.

Nature of Service in Hospitality

- Service is intangible (you can't touch it before buying).
- Core products: accommodation, food, drinks.
- Other products: conference facilities, recreation, etc.
- Two types of hospitality:
 - Commercial (profit sector) – hotels, restaurants, fast food, bars.
 - Welfare (non-commercial) – hospitals, schools, prisons, staff canteens.

What is Hospitality Marketing?

- Finding groups of consumers
- Identifying their needs
- Designing products to satisfy those needs
- Selling at a price they will pay
- Making it easy to access

Four Special Characteristics of Service Marketing

1. Intangibility

- You cannot see, taste, or feel a service before buying.
- Example: You buy an airline ticket, not the flight itself.
- To reduce uncertainty, customers look for clues:
 - Clean restaurant exterior
 - Neat employee uniforms
 - Luxury cars parked outside

2. Inseparability

- The service provider and customer must be present together.
- The employee is part of the product.
- Bad service can ruin good food.
- Customers also affect each other (e.g., loud group in a quiet restaurant).
- Customers help produce the service (e.g., getting own drinks at fast food).

3. Heterogeneity (Variability)

- Service quality varies depending on who provides it, when, and where.
- The same employee may give good service one day and bad service the next.
- Lack of consistency is a major cause of customer disappointment.
- McDonald's success comes from consistency.

4. Perishability

- Services cannot be stored.

- An unsold hotel room or empty restaurant seat = lost revenue forever.
- Solution: manage demand and capacity (e.g., charge for no-shows).

Why Service Marketing Requires More Than Traditional Marketing

- Needs internal marketing (training and motivating employees)
- Needs interactive marketing (employee-customer interaction)

UNIT 3: MARKETING TARGET

What is a Market?

- A physical place where buyers and sellers meet.
- To an economist: all buyers and sellers of a product.
- To a marketer: all actual and potential buyers of a product.

Types of Marketing

Type What It Means Example

Mass Marketing One product for everyone McDonald's original single hamburger

Product-Variety Marketing Different products for different tastes McDonald's burgers, Big Macs, Quarter Pounders

Micro Marketing Tailored to small groups or individuals Hotel remembering your pillow preference

What is Target Market?

- A specific group of buyers who share common needs.
- The company focuses its marketing efforts on this group.
- It is a "rifle approach" (focused) instead of a "shotgun approach" (mass marketing).

Three Steps in Target Marketing

1. Market Segmentation – Divide the market into distinct groups.
2. Market Targeting – Choose one or more segments to serve.
3. Market Positioning – Create a competitive position in customers' minds.

General Needs of Society (PSSP Model)

Maslow's hierarchy applied to consumer behaviour:

Level Need Example in Hospitality

Physiological Food, drink, rest Hotel bed, restaurant meal
Safety Protection, health Clean room, secure parking
Social Love, friendship, status Dining with friends, being recognized
Personal Self-esteem, fulfilment Luxury experience, VIP treatment

Why Marketing is Needed

- Customer needs change over time.
- Companies must anticipate future needs.
- Marketing helps identify what customers really want, not what the company thinks they want.

UNIT 4: MARKETING PLAN

What is a Marketing Plan?

- A written document that outlines how a company will achieve its marketing goals.
- It is not a stand-alone tool – it must support the company's overall strategic plan.

Purpose of a Marketing Plan

- Helps management step away from daily problems.
- Shows how different departments work together.
- Ties short-term actions to long-term goals.
- Provides a roadmap for all marketing activities.
- Ensures marketing aligns with company strategy.

Marketing Planning Objectives

- Different stakeholders want different things:
 - Customers: uninterrupted supply
 - Community: jobs and clean environment
 - Creditors: debt repayment
- Top management balances these interests.

Profit Formula

Profit = Total Revenue – Total Cost

To increase profit:

- Raise revenue
- Lower costs

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- Or improve both

Types of Plans

Plan Type Time Horizon

Long-term 5–10 years

Medium-term 1–5 years

Short-term 12 months

Forecasting

- Sales, profit, and profitability forecasts help:
 - Set departmental budgets
 - Identify opportunities
 - Plan funding and labour needs

Implementing the Marketing Plan

1. Communicate the plan to everyone involved.
2. Get top management approval (they control money).
3. Write a new plan every year (longer plans are less effective).

Marketing Process (Steps)

1. Find a need or want.
2. Develop a product to satisfy it.
3. Conduct research.
4. Design the product based on research.
5. Test the product.
6. Determine brand name and price.
7. Select distribution system.
8. Design promotion.
9. Build customer relationships.

Problems with Marketing Plans

- Ignoring market potential estimates leads to overbuilding and price wars.
- Market conditions change – plans need refinement.
- Changing major objectives without a disaster may look like poor management.
- Hospitality industry often misinterprets market potential.

UNIT 5: MARKETING ACTIVITIES USING SWOT ANALYSIS

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What is SWOT?

- Strengths
- Weaknesses
- Opportunities
- Threats

It helps a company match its strengths to opportunities and minimize weaknesses and threats.

Strengths (Internal Advantages)

- Inherent current advantages (location, brand, skills)
- Examples:
 - Increasing market share
 - Dominance in key segments
 - Strategic alliances
 - Historic building or great location
 - Helpful, friendly staff
- One strength can be the city's activities (theatre, sports, museums).

Weaknesses (Internal Disadvantages)

- Often a matter of perception – need customer research.
- Examples:
 - Ageing products
 - Declining market
 - Bad customer contact
 - Old-fashioned, noisy, uncomfortable facilities
- Weaknesses can be turned into strengths (e.g., reposition an old hotel as “old-world charm” with renovations).

Opportunities (External Chances to Grow)

- Can come from:
 - New products or processes
 - Staff competencies
 - Changes in the external environment
- Examples:
 - Club Méditerranée expanding globally in the 1970s–80s
 - Sydney Olympics 2000 boosting tourism
 - Heritage and culture tourism in European cities

Threats (External Dangers)

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- Unfavourable trends that can reduce sales or profit.
- Examples:
 - Rising oil prices
 - Terrorism
 - Exchange rate changes
 - Traditional British seaside resorts threatened by Mediterranean beaches

Four Situations a Business Can Face

Situation Opportunities Threats Strategy
 Ideal Business High Low Grow aggressively
 Speculative Business High High Careful, calculated moves
 Mature Business Low Low Maintain and defend
 Troubled Business Low High Turnaround or exit

Final Advice

- Record assumptions and conclusions from SWOT analysis.
- Involve other managers and staff in the SWOT process.
- Even small businesses benefit from a formal record.

Quick Recap of Module 1

Topic One-Sentence Summary
 Marketing Finding what customers want and giving it to them profitably.
 Sales vs. Marketing Sales pushes existing products; marketing designs products for customer needs.
 Marketing Concept “Find wants and fill them” – everyone in the company focuses on customers.
 Service Characteristics Intangible, inseparable, variable, perishable.
 Target Market A specific group of buyers a company chooses to serve.
 PSSP Needs Physiological, Safety, Social, Personal – why people buy.
 Marketing Plan A yearly roadmap for marketing activities aligned with company goals.
 SWOT Analysis Strengths, Weaknesses, Opportunities, Threats – helps match company abilities to market conditions.

FULL SUMMARY AVAILABLE

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