

Gain the competitive edge



I regularly see hotel sales and marketing 'Opportunities & Threats' review as part of a SWOT analysis, but rarely see one that I believe is doing an effective job for the business.

Is it time to review yours?

A good SWOT analysis should be the starting point for initiating product development, directing your marketing priorities and focusing your communications strategy. The SWOTs I see are generally just the result of a brainstorming session without any further thought applied.

In the article in **hotelmatters No:11** (Jan 2010), I outlined how to improve your 'SW' or 'Strengths and Weaknesses' analysis by adding the word 'competitive'.

In this article, I outline how you can improve your 'OT or Opportunities and Threats analysis by adding the word 'marketplace' – so it becomes 'Marketplace Opportunities' and 'Marketplace Threats'. This will focus your attention on factors outside your control which may have a major impact on your business, such as significant changes in exchange rates or a new competitor opening nearby.

The important thing to remember is that 'Marketplace Opportunities and Marketplace Threats' will treat you and your competitors in a more or less even-handed way. If the market shrinks, everyone suffers; if the market expands, everyone gains. You 'win' by spotting market changes early and/or adapting to market changes before other hotels.

As an exercise, take your existing 'Opportunities' analysis and for each opportunity, ask yourself: is this a statement about the marketplace or not?

If it does not make a direct statement about the marketplace, remove it and put it to one side for further consideration. In my experience, your list of 'Opportunities' will reduce considerably.

Now, do the same exercise for your existing 'Threats' analysis and ask yourself: is this statement about the marketplace or not?

In my experience, you will have removed more opportunities than threats and, hopefully, this will start you thinking more about the marketplace.

Building 'Opportunities and Threats' analysis from scratch

What I am about to suggest will make it sound as though you need to be a full-time economics or marketing analyst. Of course you are not, but that should not stop you establishing a view of the marketplace. You can either drift with marketplace trends or you can try to understand them and do your best to exploit them – the choice is yours.

The following steps will help you develop your 'Marketplace Opportunities and Marketplace Threats' analysis.

1. Gather together general trend and forecast data

- Domestic economy
- Exchange rates for key inbound markets
- Technology
- Demographics

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- Political and legislative changes
- Cultural changes
- Environmental changes
- New competition

When doing this, you need to stay very disciplined and focus on exactly what the story is and what it means for you.

I regularly see in 'Opportunities and Threats' items such as 'Exchange rates', 'Minimum wage', 'Grey market', 'New media'. These phrases are almost meaningless. For instance, explanations might say: *in the past, exchange rate fluctuations have added ??% to the inbound market. We judge this trend could increase/decrease our room nights by ??.*

2. Identify market segments

- Your most important segments
- Competitors' segments that you do not enjoy

3. Develop market segment trend data

- What are your trends? (Always use room nights or revenue, never percentage mix)
- What are the market trends? Market data is available for some; for many, it is not. Where it is not available, read trade press, talk with competitors, talk to trade intermediaries and take a view.
- What is the news? Is your trend up, down, nowhere? How does your trend compare to the market?

4. Develop 'Marketplace Opportunities and Marketplace Threats' for each market segment

Using what you have prepared above and thinking more specifically about each market segment, prepare a matrix. What are the 'Marketplace Opportunities' and what are the 'Marketplace Threats'?

Marketplace Opportunities	Marketplace Threats
—	—
—	—
—	—
—	—

Avoid single word statements - they usually lack clarity or are ambiguous about the point being made. Use short statements and maybe include numbers, so it is absolutely clear what you mean (and what the likely impact the market/your hotel might be). This approach will guide you towards appropriate action. The more care you put into expressing the 'Opportunities/Threats', the more likely you are to take the best possible action.

5. Review the above matrix carefully

Examine each entry. Would somebody, not involved in your business, know exactly what point is being made? Repeat steps 2 to 5 for each market segment. This appraisal should help you.

6. Prioritise marketing expenditure

Develop a marketing strategy and action plan for each market segment that capitalises on 'Opportunities' and considers how to respond to 'Threats'. Be very careful about fighting 'Threats'; better to take defensive action on 'Threats' whilst taking full advantage of 'Opportunities'.

7. Define product development

How can you best invest to build on 'Opportunities', particularly those that are part of long-term trends?

In conclusion

Creating a strong and robust 'Opportunities and Threats' analysis is time consuming but the effort will be rewarded with a sales and marketing strategy and action plans that are more focused on exploiting the marketplace.

Do let me know if this works for you.

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