

Packaging and Programming



-2006-

• www.experiencewashington.com/industry

Definitions of Packaging and Programming

Packaging

The combination of related and complementary services into a single-price offering.



Programming

The development of special activities, events, or programs to increase customer spending, or to give added appeal to a package or other hospitality/travel service.



Marketing Analysis- the 8 "P"s of Marketing in Hospitality

- Package
- Partnership
- Programming
 - People
 - Place
 - Price
 - Product
- Promotion- advertising, personal selling, sales promotion
merchandising, PR & Publicity



SWOT Analysis in Marketing

- Internal:

- Strengths
- Weaknesses

- External

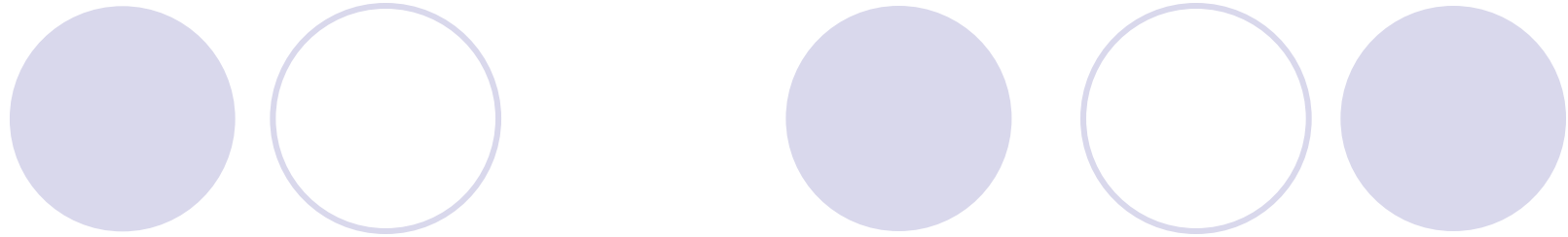
- Opportunities
- Threat

- Marketing Plan is end result: e.g. marketing plan pro software

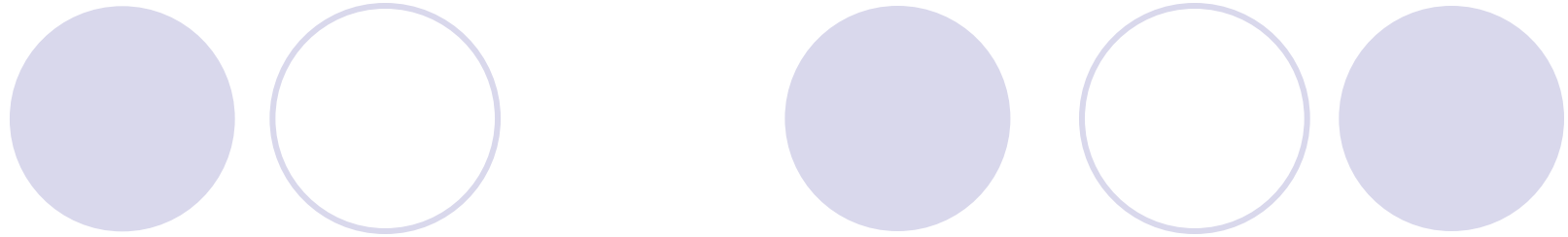
Marketing Services



- Managing the tangible evidence – perception and expectation
- GDP – services: US-80%, UK – 73%, Norway – 72%, France -71%
- Four Service Characteristics:
 - Intangibility
 - Variability
 - Inseparability
 - Perishability



- **Intangible:**
 - empty handed, but not empty headed
 - Tangible provides signals as to the quality of the intangible service
- **Inseparability**
 - Provider and customer are present
 - Customers are part of the product
 - Both must understand service delivery
 - Therefore, train your customers
 - E.g. internet, fast food drinks etc.,



- Perishability

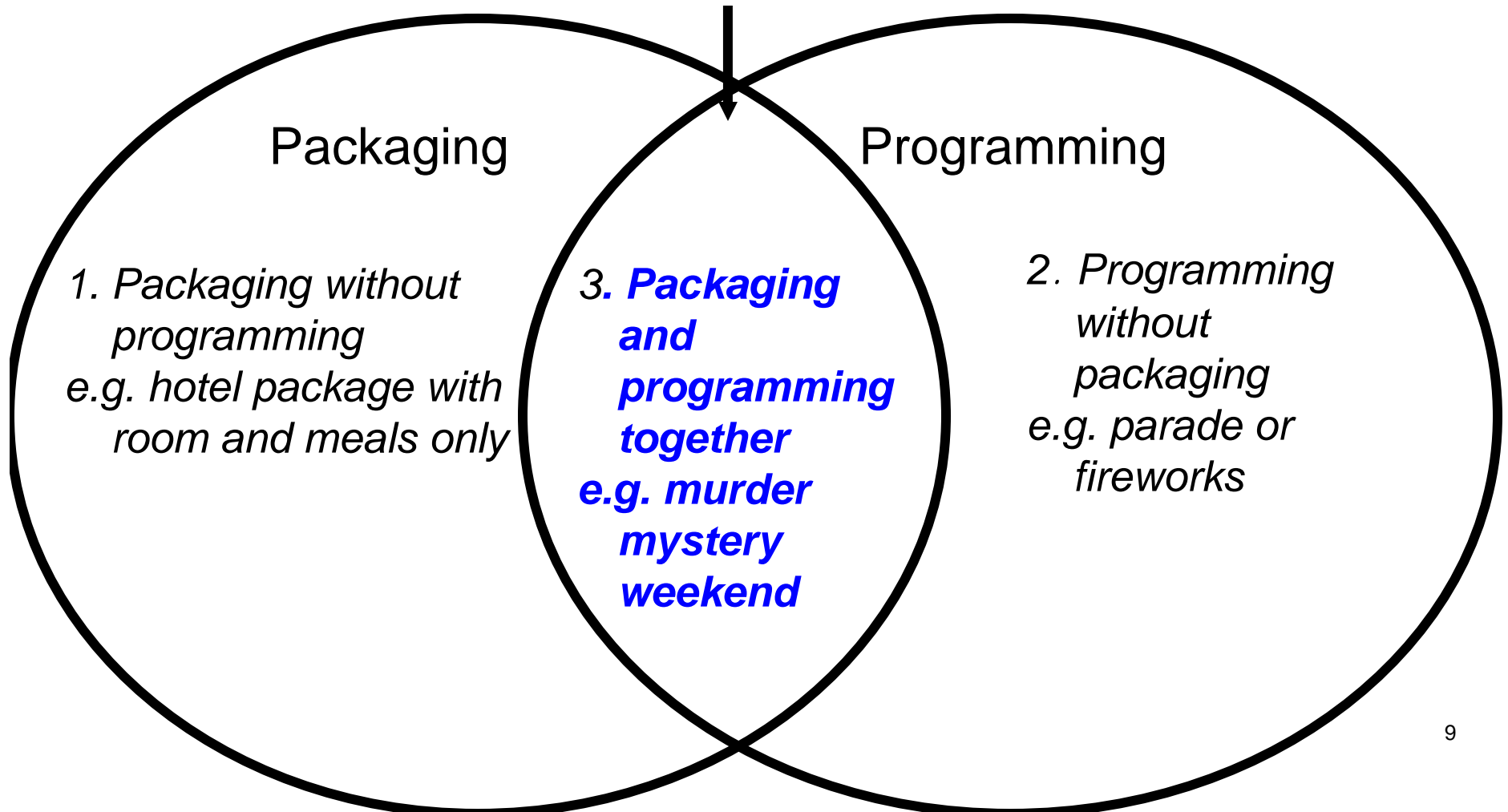
- e.g. club med/ distressed inventory, 1.2% response = 25-40,000 @ month
- Empty plane, restaurant, hotel

Travel Trends this year in the US

- Almost 8% percent increased demand last year, closer to 4.4% this year – fuel costs
- By segment:
 - Leisure at 2%, with 5.5% growth in international
 - 1.5% in business travel
 - Meetings are growing
 - Group tours: only as customized for individual groups (think boomers)
 - 6 of 10 Americans say they don't have enough vacation time; simplify by buying all-inclusive events.
 - 75% of trips are 3-4 days, and more of them.
 - “fun, new, animated attractions
 - 78% research online and 82% of those buy online
 - Traditional packages are out, specific affinity groups are in

Relationship of Packaging and Programming

Packaging + Programming



Customer Reasons for the Increased Popularity of Packaging and Programming



Value (price)



Convenience



Consistent quality



Ease of budgeting and planning



Appeals to special interests



Added excitement



Participant Reasons for the Increased Popularity of Packaging and Programming

- ✚ Increased off-peak business
- ✚ Appeal to new target markets
- ✚ Enhanced appeal to special interest guests
- ✚ Increased customer satisfaction
- ✚ Ability to capitalize on new market trends
- ✚ More accurate forecasting and increased efficiency.



Participant Reasons for the Increased Popularity of Packaging and Programming

Increased per capita spending and lengths of stay

Public relations and publicity value of unique packages

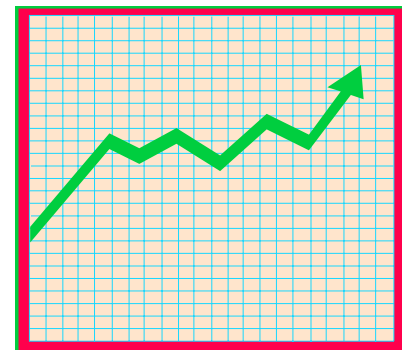
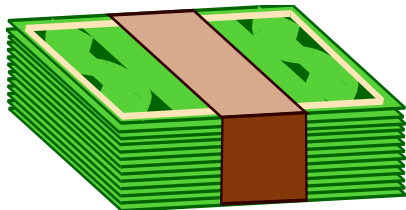
Use of complementary facilities and services

More repeat and frequent use



Key Roles of Packaging and Programming

- Smooth out patterns of business.
- Improve profitability.
- Assist in the use of segmented marketing strategies.
- Bring together the components of the organization's product/service mix.
- Bring together related hospitality and tourism organizations into partnerships.



Differences in Packages That are Available to Guests

Packages Developed By Intermediaries

- Tour wholesalers/operators
- Incentive travel planners
- Travel agents
- Convention/meeting planners

- Usually commissionable
- Usually bought through travel agents

Packages Developed By Others

- Suppliers
- Carriers
- DMOs
- Clubs
- Special-interest groups
- Universities
- Non-profit groups

- May or may not be commissionable
- Can be bought directly from package developer

Some Ways of Classifying Packages

Package Elements

- All-inclusive
- Escorted tours
- Fly-drive
- Fly-cruise
- Accommodation & meals
- Event packages
- Packages with programming for special interests

Target Market

- Incentives
- Convention/meeting
- Affinity groups
- Family vacations
- Special-interest groups
- Demographic group

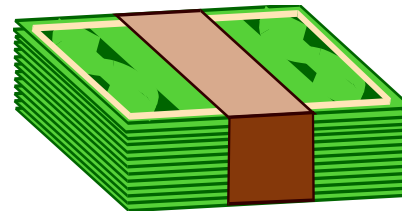


● Thoughts:

- Are there other hospitality businesses in this workshop from your geographical area? If so, who are they.
- If **you** were going on vacation to your location, what components of a package would you like to see, generally?
- Is the hospitality business in your area seasonal? If so, what season or season (s)
- For your business or another that you may want to see included in a package: what are the fixed costs and what are the variable costs?
- Are there tourism businesses in your geographical area, not represented in this workshop, that could/should participate in a package for your area? Who and/or what do they provide to consumers? Any idea what their fixed or variable costs or percentages might be?

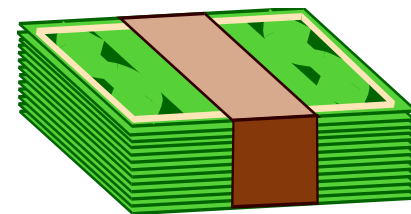
How to Develop Effective Packages

- Include attractions or other demand-generators.
- Provide value to the guest.
- Offer consistent quality and consistency among the package elements.
- Provide a distinct customer benefit.
- Cover all the details!
- Generate a profit.



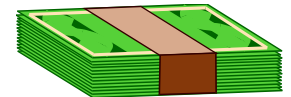
How to Effectively Price Packages

- Identify and quantify the fixed costs.
- Identify and quantify the variable costs.
- Calculate the total package costs on a per-person basis.
- Add a mark-up or margin for profit
- What is the break even point.
- Calculate the single supplement.



Pricing Logistics

- Property Specific Pricing:
 - Examples: room, food, add-ons
 - Use flagged property resources for promotion
- Strategic Partnerships
 - Value added approaches
 - Discounted approach
 - The Money, “to each his own”
 - examples
 - Media, advertising – e.g. radio, newspaper



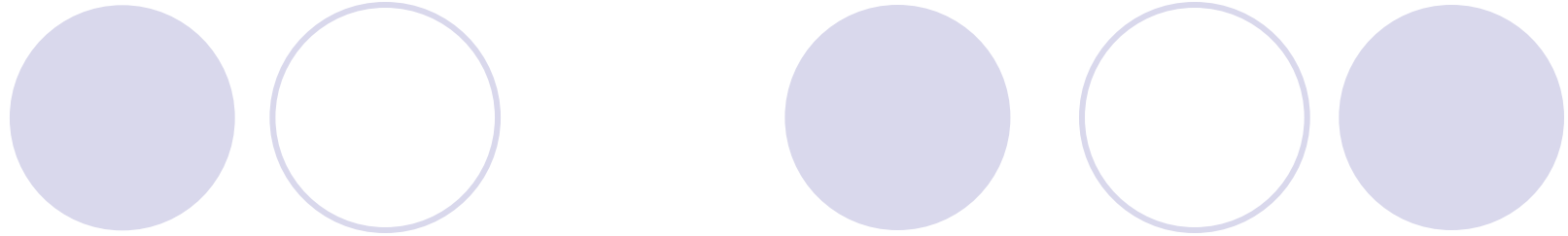


Packaging Your Product

- Plant a **SEED**: Sleep, Eat, Entertain, Drink (Discover)
- Need Time: be sure partners are on the same cycle in terms of needing additional business
- **Include:**
 - outdoors and hands on experiences
 - Different venues: winery, race track, theme park, spas etc.,
 - Eateries and bars, breweries, caterers
 - Transportation provider: trains, planes, boats, vans, limos, rental cards, coaches
 - Entertainers
 - Media
 - Events and Festivals

Package 1 –Women’s Getaway

- Women’s Getaway Winter Weekend, or “Your Husband’s Worst Nightmare”
 - Designed for groups of 10 people
 - Arrive by train: motor coach or 15 person van (room for luggage and purchases)
 - Delivered to hotel from train, where a shopping bag with coupons from stores and a bottle of wine and opener with insignia
 - Time to refresh and then to winery for tasting and appetizers
 - Perhaps a guest speaker at the winery for another venue or the next stop
 - E.g. Christmas in July but how about July at Christmas
 - Dinner at local restaurant

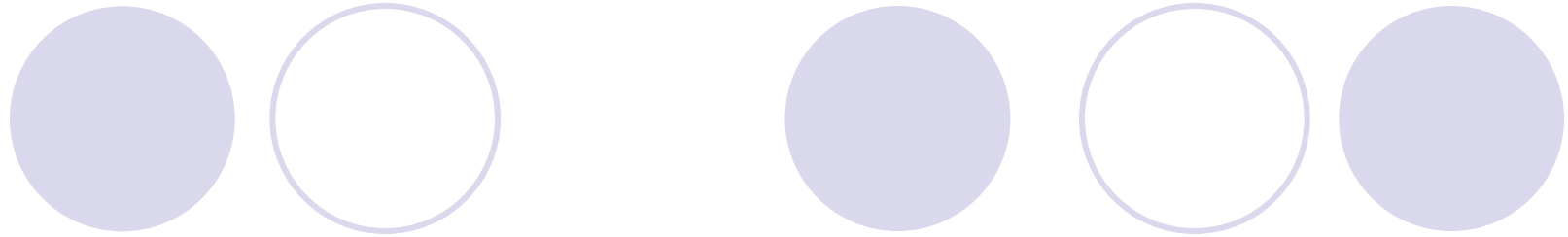


- Breakfast the next morning and then shopping til you drop
- Lunch on own
- Van pickup, refresh, and the restaurant #2 for dinner. After desert, coach delivers to the Christmas lights show or?
- Late checkout the next morning and then return to train for the trip home
- Marketing: plan in late summer and start selling to women's groups, travel agents, travel writers and mailings lists from each partner
- Factor in marketing costs as well



- Pricing

- Hotel: \$69 +_ tax, single/double occupancy, includes continental breakfast and late Sunday checkout
- Train: two for one fare, round trip, \$90.00 (\$45.00 per person)
- Motor Coach: One full day, two part-days at \$600 (\$60 per person, based on 10 person group)
- Winery; \$10 per person for gift bottle of wine
- Corkscrew with logo: \$3 per person



- Shopping bag with coupons: donated
- Catering company: \$15 per for hors, includes tax and gratuity
- Restaurant #1 – 3 course prix fixe dinner, \$25 + tax+ gratuity per person
- Restaurant #2 – two for one dinner special – works out to \$12.50 per person
- Lights tour: \$8 per person , special group rate
- \$ = \$266.92 or \$269 per person

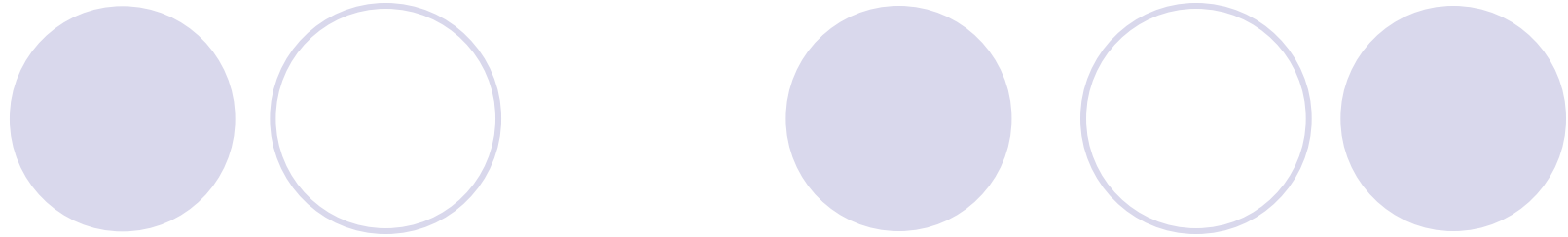


- Handling the \$\$\$'s

- As reservations come in, money is allocated to the various partners, usually paid 3 days prior to the day of service
 - Van/Limo/Coach: hotel cuts check
 - Train: exception – fares available in the form of a coupon
 - The Winery
 - Catering company
 - Restaurants: set up a house account and bill the hotel weekly.
Or
 - Hotel purchases a voucher as soon as the package is sold
 - Christmas Lights
 - Shopping Coupons: provided at the expense of the retailer

Package 2 – The Big Conference

- Hotel/white water rafting/ golfing/ horseback rides/site seeing excursion
- Concept: the area's largest hotel is hosting the Most Important Executives Annual Summer Conference: Sunday thru Tuesday afternoon
 - To encourage early arrival, activities are at a 'special conference rate' with kickoff on Sunday at an evening welcome reception
 - The conference includes some breakfasts, lunches, a dinner and the reception.
- Marketing: Mail to the conference Planner with a discount or value added offer. Perhaps team-up with the hotel in making sales presentations



- Pricing: the hotel has the business for lodging meeting space and meals. Activities are at the attendee's discretion. The planner will collect the funds and separate the activities as the registrations come in.
 - White Water Rafting: before, during or after conference - \$75 includes lunch
 - Guided Horse back ride - \$45 per person
 - Golf-Green fees -\$25
 - Site seeing excursion - \$12 per person



Producing a Package now

- Multiple Partners
- Cost per person
- Mark-up/profit
- What market segment or segments
- Any restrictions-time etc.,
- Why would I buy this if I were the customer (s).
- Marketing costs???

Packaging and Programming

Thank you for participating.

Service 101 – Back to Basics

- + Marketing the Small Independent Property**
- + International Market Entry Strategies**
- + Introduction to Marketing**
- + Wine & Culinary Tourism as a Demand Generator**

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