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CHOICE HOTELS
I N T E R N A T I O N A L .

CHOICE HOTELS INTERNATIONAL, INC.

BMBM6016 STRATEGIC MARKETING

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Table of contents

Executive Summary	1
1.0 Introduction	2
2.0 Marketing Plan	4
2.1 SMART	5
2.2 SOSTAC	6
<i>2.2.1 Situation Analysis</i>	<i>6</i>
<i>2.2.2 Objectives</i>	<i>6</i>
<i>2.2.3 Strategy</i>	<i>7</i>
<i>2.2.4 Tactics</i>	<i>8</i>
<i>2.2.5 Actions</i>	<i>8</i>
<i>2.2.6 Control</i>	<i>9</i>
3.0 Recommendations	10
4.0 Conclusion	11
5.0 References	12

Executive Summary

This report will focus on the analysis of Choice Hotels International, an internationally recognised brand with more than 7000 locations globally. The analysis consists of evaluation on the hotel chain's strategic marketing plan to develop a mobile application to ease guests' visit and increase their customer traffic by 30% in the next financial year. This strategic marketing plan has been analysed using the SMART analysis and SOSTAC framework. CHI is recommended to utilise their mobile platform to reward their guests to be more appealing and worthwhile in addition to collect user data to project their trends and behaviour.

1.0 Introduction

Management's most crucial duty is planning. The corporate or business strategy of a firm governs its operations. The marketing plan of a firm is an important component of the overall strategy. It must uncover the most potential commercial possibilities for the organisation and detail how to enter, acquire, and sustain brand presence (Westwood, 2013). It is really a connection method that integrates all the promotional mix's aspects into a unified strategy. It specifies who will do what, when, where, and how to achieve its objectives. An overall firm marketing strategy might be composed of several smaller promotional activities for specific goods or sectors. These more compact designs can be made as needed.

It becomes the method through which a firm's capabilities and the needs of its consumers are brought united. To attain this equilibrium in the marketplace, businesses must be adaptable. Companies should be willing to switch goods, launch new ones, and diversify. Marketers should understand both consumers and the industry. The harmonising situation happens in a competitive landscape that is not under the control of people or firms, is always evolving, and should be consistently analysed. As a result, marketing encompasses a capacity of an organisation, customer needs, as well as the industry trends.

Doran (1981) was the first to suggest the SMART technique for setting successful management objectives. SMART is an abbreviation for Specific, Measurable, Achievable, Realistic, and Timely. The SMART method is now widely thought to be important for planning is a systematic and quantifiable mission and targets in business (Bjerke, 2017). Segmentation, competitive positioning, market size forecasting, and realistic market dominance projection are all component of the marketing planning. The procedure entails doing market analysis in and around the organisation, analysing the current situation of the company, developing hypotheses, projecting, and establishing business goal (Westwood, 2013).

The SOSTAC business conceptual framework is a complete approach to implementing a firm's promotional strategy. The methodology not only presents a way for deploying the

planning process, but also takes into account the assessment and management of the implemented strategy in order to update the promotional strategy as needed to enhance sales revenue and establish competitive edge (Krishnan, 2013). SOSTAC stands for Situation Analysis, Objectives, Strategy, Tactics, Actions, and Control (Stephenson, 2021). The methodology was born out of a series of studies into variety of marketing planning activities, recognising common aspects and integrating them into a fresh, more approachable, and adaptable method. It is suggested that knowing whom, why, and also how prior beginning on any strategy is critical, and that creating 'personalities' for target categories may potentially bring statistics to life in a way that marketers can comprehend (Stephenson, 2021).

2.0 Marketing Plan

According to the previous report, it is suggested that Choice Hotels International (CHI) should invest in developing an integrated software in the form of a mobile application where visitors could utilise during their visit at any of their hotels to increase their current customer traffic by 30% for the next financial year. Visitors could use this mobile application to reserve rooms from any of their hotel brands across the globe, obtain a restricted digital room card to be used to access their rooms, request for room service, order food if available at the specific brand hotel, among other things. This is because according to the audit conducted in the previous report, the number of tourists and hotel visitors globally had plummeted drastically in light of the COVID-19 pandemic and the aftermath of government lockdown measures had changed the socio-culture of how people interact (Asahi, 2021). As shown in Table 1 below, it shows that the customer traffic is coming back to pre-pandemic levels. Nonetheless, CHI would be able to achieve a higher occupancy rate should they launch a new mobile application that is easily accessible to people, especially the younger generation. As people are becoming more aware and concerned about their health, they would be more likely to choose a service that requires little to no human interaction if possible (Haider, 2020). Hence, the mobile application should include features that would allow visitors to perform contactless interaction.

Characteristic	Woodspring Suites	Suburban Extended Stay Hotel	Mainstay Suites	Sleep Inn	Comfort*	Rodeway Inn
2017	-	76%	68.4%	65.5%	-	56%
2018	80.1%	75.5%	69.7%	65.2%	-	56.4%
2019	79%	73.3%	68.4%	64.5%	66.4%	55.5%
2020	71.5%	63.6%	55.6%	46.2%	46.1%	43.6%
2021	81.1%	70%	62.1%	58.7%	60.1%	50.9%

Table 1. CHI Brands Occupancy Rate 2017- 2021

Source : Statista

2.1 SMART

A specific SMART goal raises the chances of success. The phrase “specific” denotes that the target setting precisely dictates the desired outcome (Yurovskaya, 2017). Developing a mobile application for the ease of use of visitors to increase the occupancy rate of CHI brands globally by 30% for the following financial year is a specific goal that CHI could achieve.

The SMART goal must be quantifiable. It is vital to define clear metrics for evaluating the approach of accomplishing the objective at the objective stage (Yurovskaya, 2017). Through this mobile application, CHI can monitor their own performance by tracking customer traffic and record their sales down to specifics, such as how much VIP seats are sold and what kind of combo snack set is most popular among which age group of customers. This is how CHI can measure their performance, essentially as their Key Performance Index (KPI). However, CHI needs to be careful with handling this much of customer information as it could raise privacy concerns for their customers should there be information leak or hacking on their servers.

Because the realism of the work motivates the performance, SMART targets should be attainable. The goal's attainability is judged using one's own knowledge while considering all resources and limits (Yurovskaya, 2017). This form of application is not new and has been in adoption by many form of businesses. As an example, this type of mobile application has been used by TGV Cinemas and GSC Cinemas, two of the biggest cinema chain in Malaysia (Oei, 2014). Customers could book their movie ticket from any outlet in Malaysia and pay through the application, as well as buy food with the movie ticket as a combo or add-on should they want to before or during the movie. Customers could even submit feedback or make reports via the application, collect and redeem points for gifts or movie tickets. The end timeframe for SMART objectives must be specified. Setting deadlines and limitations for goal achievement allows the management mechanism to be controlled. Simultaneously, the length of the duration must be chosen in light of the likelihood of completing the target within the timespan (Yurovskaya, 2017). One financial year would be enough for an business to gather up their performance and re-strategise should the previous one was not satisfactory.

2.2 SOSTAC

In the construction of a broader-scope marketing plan, SOSTAC is seen to be extremely succinct. The application of this approach to different organisation activities advertising strategy has developed over time with minor adjustments, to the point that business undergraduates must comprehend the background of the SOSTAC framework as well as to design and implement identical plan (Stephenson, 2021).

2.2.1 Situation Analysis

The promotional team is led mostly by requirement to offer an explanation about where the entire company is at the moment (Stephenson, 2021). Hoteliers are rapidly turning to informatics to connect with customers in the most efficient manner possible. Hotels may set new frameworks for e-commerce by enabling, facilitating, maintaining, and rewarding engagement between customers and hoteliers by leveraging the possibilities of enhanced global exposure and accessibility. By establishing a website to showcase and sell their services and unique qualities, hotels may tap into prospective audiences (Leong, 2001). It would be foolish for businesses to disregard the Internet's strength and promise, given its fast expansion. As the new century dawned, even more firms jumped on board, wiring their operations to remain viable in increasingly competitive markets. This is of course in part to curb the spread of COVID-19 as well as to keep CHI's premises safe and operable for them to continue serving guests. With a lot of government restrictions in place both locally and nationally, guests would have a hard time to book a room or visit their hotels virtually.

2.2.2 Objectives

According to Frances Brassington and Stephen Pettit, the firm's aims and targets are the second most significant aspect of the advertising business strategy (2003). This is attributable to the reality that digital advertising may be targeted to a specific segment, as well as the fact that efficient advertising interaction can help the organisation accomplish actual outcomes.

The notion that proper implementation of the advertising strategic planning is contingent on the company's goals demonstrates that the goals are critical to the advertising communication's effectiveness.

CHI's mission statement is to "Connect the world through the power of hospitality. We bring together the people, brands and technology that enable the success of others—welcoming every guest, every partner, everywhere their journey takes them". This shows that CHI could utilise technology to increase their brand awareness as well as appeal more to the younger generation via a mobile application rather than a traditional online website. This is aligned with the strategic objective go CHI to connect with its users via the app as well as letting their guests connect with each other via an online forum through the app, increasing their presence online with technology and allowing guests to take virtual tours of their locations.

2.2.3 Strategy

The strategy primarily comprises the obligation to address the issue of how the organisation will be successful in accomplishing the desired results from the promotional campaign. The promotional strategy of any company that provides goods or services explores the characteristics of the company's engagement with its consumers in order to raise exposure and ultimately sell certain items (Stephenson, 2021).

Developing a mobile app, however, is not cheap. It could easily cost from USD10,000 up to USD50,000,000, depending on the requirements that the software needs to do and handle (Franklin, 2022). There is also maintenance cost for servers to maintain the entire network of the current system CHI is maintaining. Therefore, CHI could outsource this project to a software development company to develop and maintain this mobile app since they might not have that sort of expertise to begin with. Outsourcing is better than starting from scratch as it would requires a tremendous amount of capital for physical infrastructure as well as labour and hiring process. This would also allow for CHI to keep track on the trends and behaviour of their customers while ensuring their privacy through an expert company.

2.2.4 Tactics

Tactics are often used to specify the exact specifics which would be utilized during the project execution to determine the best market strategy and transmission media (Stephenson, 2021). This area is crucial in internet advertising since it pertains to the necessity to elaborate on multimedia communication styles. Newsletters, dynamic advertisements, online networks, and digital technology like as mobile applications are just a few of these platforms. The modern mass market economy is biased towards telecommunications companies who give the greatest customer experience in all aspects of the business by utilising instantaneous innovation that is conveniently available and free of unneeded trouble. The online world has entwined wireless technologies with online activities. In the guise of digital networking, the web provides current advertisers with the simplest and most cost-effective advertising medium available (Cowley, 2016). CHI can utilise their data collection from their mobile app to advertise or offer curated and targeted hotel packages to their guests for their next visit.

2.2.5 Actions

Actions explain the minor aspects inside techniques which are in charge of guaranteeing the flawless implementation of any strategy in place. A digital marketing strategy will undoubtedly specify the requirement for duties and the framework to be implemented, as well as a variety of criteria and rules, procedures to be performed, as well as any experience necessary prior to execution (Stephenson, 2021). This incorporates the action phase's entire goal of explaining someone, what, and when. There are several business development technologies available that enable the implementation stage to be carried out in meticulous detail. Gantt charts are among these toolkits. The arrangement of all brands, services, and outcomes delivered by a development job is referred to as project scope management. Evidently, project scope refers to all of the work that must be completed to ensure that the organisation achieves its desired goal of delivering as planned (Mahapatra, 2013).

2.2.6 Control

Control entails measuring and calculating the efficacy of the tactics employed to achieve the goals. Control also entails modifying strategies and activities whenever the desired outcomes are not obtained (Stephenson, 2021). Control mechanisms for determining customer thoughts and perspectives will be included in the mobile application, as well as customer analytics collection to guarantee that the goals are met. As mentioned previously, user data will be stored and secured with an outsourced cyber security service to ensure proper storage and is not misused or wrongly shared.

3.0 Recommendations

Since CHI will be having their own mobile platform for their guests to use, it would be wise for them to reward their guests with redeemable points. Customers could collect points for every visit and redeem them with free stays or a complementary room upgrade for their next visit, or free buffet, or even a special holiday package. This would in hand increase customer loyalty as they would feel more inclined to stay at one of CHI's brands instead of its competitors. Returning guests would also be more inclined to invite their friends and families to grab the chance of collecting points too, increasing customer traffic as well as free marketing.

4.0 Conclusion

Conclusively, Choice Hotels International has a well established network globally. Nonetheless, they are not immune to the ruthless effects of the pandemic. Therefore, CHI must utilise their entire arsenal to get back what they had pre-pandemic. As discussed via SMART analysis and SOSTAC framework, CHI could develop a mobile application where they could use a their main platform, but not abandoning their online website. This is to ensure that their guests could instantaneously use just one application for room or venue booking, customer service enquiry or food ordering. They could also use the data collected from their mobile app to project customer trends and behaviour as well as reward guests to appeal more worthwhile.

(2317 words)

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