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IMPACT OF ADVERTISING ON LODGING OPERATIONS IN THE SOUTHEAST

A Thesis

Presented for the

Master of Science Degree

The University of Tennessee, Knoxville

James Wesley Robinson

May, 1999

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DEDICATION

This thesis is dedicated in loving memory to

my aunt, Jane Stacey; my uncle, Jerry (PD) Mullins;

and to the mentors who helped shape me into the individual that I am today,

both professionally and personally:

Jill Martz, Kathy Barber Osborne, Elizabeth Phillips, Kerry Sommerville,

Youssri Allam, and Frank & Kitty Robinson.

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ABSTRACT

It has long been assumed that advertising increases sales. Although scientific research methods are available to test advertising's impact on gross revenue (Cambell & Stanley, 1963; Banks, 1965; Raymond, 1966; and Woodside, 1990) and have been applied to several industries, (Banks, 1965; Caples, 1974; Donath, 1986; and Eastlack & Rao, 1988) no scientific study is available in lodging research on whether advertising causes an increase in occupancy, average daily rate, or financial return. Since many business owners and operators are planning marketing activities without foreseeing the outcome the results will produce, a need has been identified to measure the impact that marketing efforts can create for a hotel property (Broadbent, 1988).

The purpose of this study was to investigate if hotel operations in the southeast that have a marketing budget have greater return than hotels that do not have a marketing budget. In addition, this research identified relationships that existed between total gross revenue of hotels *with* and *without* a marketing budget in the Southeast and the following: (1) room occupancy percentages, (2) average daily room rate, (3) marketing budget, (4) market research, (5) property affiliation, location, (7) age of property, and (8) education levels of managers / operators.

The population targeted by the researcher was lodging establishments listed in *The Hotel Guide.* The total combined number of hotels randomly chosen for the sample was 365, 10% of the population. A 15% response rate was achieved resulting in 56 usable surveys. The research instrument for this study was a three-part survey

containing question concerning (1) the hotels marketing budget, (2) demographic information about the hotel property, and (3) demographic information regarding the hotel operator completing the survey. Data analysis included Pearson's Correlation tests, to measure strength of relationships; Mann-Whitney tests, to examine the significant difference of two independent groups; and Kruskal-Wallis tests, to examine the significant differences of several groups.

The results of this study indicated that hotels with a marketing budget have a significantly higher gross revenue and average daily room rate than hotels that do not have a marketing budget. Oppositely, average occupancy rate between hotels with a marketing budget and hotels with out a marketing budget was not significantly different. Lastly, this research found that hotels that have a marketing budget and conduct market research have significantly higher gross revenues than hotels that do not conduct market research and do not have a marketing budget. It was the goal of this research to aid hotel operators in understanding the total impact that advertising and marketing can create for hotels.

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CHAPTER I
INTRODUCTION

Statement of the Problem

It has long been assumed that advertising increases sales. If this is true, do the advertising expenditures by hotels actually cause patronage and financial return to increase? Although scientific research methods are available to test advertising's impact on gross revenue (Cambell & Stanley, 1963; Banks, 1965; Raymond, 1966; and Woodside, 1990) and have been applied to several industries, (Banks, 1965; Caples, 1974; Donath, 1986; and Eastlack & Rao, 1988) no scientific study is available in lodging research on whether advertising causes an increase in occupancy, average daily rate or financial return.

According to Robert Coen, Senior VP, director of forecasting at McCann – Erickson Worldwide, total advertising expenditure for 1998 was projected to be $198.4 billion in the United States alone (Coen, 1980). Furthermore, this figure will in all probability continue to rise in the years to come. To put this sum into the proper prospective, it may be noted that the average family of four is reportedly exposed to more than 1,500 separate advertisement messages during the course of a single day (Schwartz, 1969).

Within this context, it is surprising that a large number of hotels that advertise do not attempt to measure the effectiveness of their advertising investment (Morgan, 1991). Even more surprising, is the fact that many businesses operate without investing in marketing or advertising. These businesses fail to realize the impact that advertising can create.

Many hotels choose not to advertise because of financial reasons. Some consider it an investment while others consider it an expense. Determining the return on investment (ROI) for advertising involves measuring its effectiveness and showing its tangible impact. If advertising is indeed an investment, then it is imperative that business owners prove a return. Otherwise, there is no logical reason not to treat advertising like any other variable expense and cut it during unyielding economic times (Anderson, 1992).

Measuring advertising effectiveness means calculating how your advertising programs fulfill their investment potential. The main step, which cannot be overlooked, involves planning what objectives advertising must accomplish before investing a single cent. The more specific the objectives, the more quantifiable they become, and the easier they are to measure. Fortunately, there are criteria by which one can set specific, realistic objectives: (1) total sales volume, (2) sales volume by product, market segment or customer types (3) market share in total or by product line, (4) growth rate of sales volume or by product line and (5) gross profit in total or by product line. (Batra et al., 1996).

Even though there may not have been a 'magic formula,' years of study have shown that advertising effectiveness is both quantitative and cumulative. A publication by the American Association of Advertising Agencies (AAAA) found that companies that advertise much more than their competitors average a ROI that is 32%, while companies that advertise less than their competitors average only a 17% ROI (Anderson, 1992).

With these facts and others available, why does advertising seem to be suffering more than its share of cutback in lodging operations? Anderson (1992) speculated that the reason was due to tax purposes since accountants and the Internal Revenue Service treat advertising as a current budget expense. Perhaps another reason lies in how businesses define advertising in terms of its value-added business function and contribution. Many businesses are unaware that advertising can (1) build awareness and brand identity among users and potential users, (2) lower the cost of creating sales, and (3) generate income more quickly (Anderson, 1992).

All things considered, the bottom line is this: Advertising in 2000 and beyond is not about pretty ads and it is not about visibility just for visibility's sake. It is about sales. It is about earning a profitable return, and this is when advertising proves itself to truly be an investment, not another expense.

Need for the Study

Since many business owners and operators are planning marketing activities without foreseeing the outcome the results will produce, a need has been identified to measure the impact that marketing efforts can create for a hotel property (Broadbent, 1988). In today's powerful world of advertising, business leaders must accurately anticipate what advertising, or marketing communications, will produce for their establishment (Broadbent, 1988). Rapidly changing technology, decreasing capital, growing diversity in the market and increasingly complex problems within all industries are among the factors that have forced changes in the way in which marketing communication budgets are determined. Thus, the question arises; can businesses

survive without investing time, energy, and financial resources into marketing research (Goffe, 1986 and Bonn, 1987)? Having an effective marketing plan will supply them with timely, relevant information to help establish potential financial growth opportunities for their business. Ideally, businesses can survive in a favorable market environment with limited marketing efforts for a limited time under current practices. However, "companies with complete market planning systems will be more successful than other firms competing in the same environment and competitive circumstances" (Phillips & Moutniho, 1998). If businesses, more specifically lodging establishments, plan to achieve superior market share, they must reevaluate their level of marketing efforts in order to maximize return (Mayer & Lapidus, 1998).

As the service industry grows in number and in size, the need to create a sound marketing communication plan also grows in order for this industry to prosper. Future growth is expected at rapid rates in the 21st Century creating an immediate need from this industry for sound ways to measure the impact of advertising. Responding to this need, researchers have conducted empirical research to test the ways to measure advertising's effectiveness (Reynolds et al., 1991; Morgan, 1991; Clarke, 1976; Schmalensee, 1972; Hessner & Mellor, 1986; Goddard & Amuah, 1989; Blaylock & Blisard, 1988; and Phillips & Moutinho, 1998). The literature in general shows that, "businesses with greater advertising budgets yield greater levels of brand equity. As a result, the business with the higher equity generates preference in purchase intentions" (Cobb-Walgreen, Ruble & Denthu, 1995). Thus, advertising should be incorporated by all businesses as a means of promotion (Gilbert, 1990).

The goal of advertising must be to make the business more profitable (Broadbent, 1988). Continuous exchanges of ideas and open lines of communication between the business and the public are imperative for businesses to operate successfully. Hotel operators must be forward thinkers. They must collect, analyze and report feedback from market research if they are to continue preparing their business for a future typified by increased competition, demanding guests, and an ever changing world of media.

The Purpose of the Study

The purpose of this study was to investigate if hotel operations in the Southeast that had a marketing budget had greater return than hotels that did not have a marketing budget. In addition, this research identified relationships that existed between total gross revenue (GR) of hotels *with* and *without* a marketing budget in the Southeast and the following: (1) room occupancy percentages (OCC), (2) average daily room rate (ADR), (3) marketing budget (MB), (4) market research (MR), (5) property affiliation, (6) location (7) age of property, and (8) education levels of managers / operators. The results of this study will benefit lodging establishments in the Southeast region of the United States in general, and more specifically, Marketing Directors, General Managers, and owners who establish marketing communication plans.

To summarize, as Marketing Directors and General Managers determine the level of their hotels marketing efforts, they must be able to predict the results their efforts will produce (Broadbent, 1988). Hospitality professionals of today and tomorrow will need a broader base of marketing communication knowledge in order to operate at their optimum level. In particular, superior research skills will be required to make proactive,

foreword thinking decisions in the changing marketing communications environment, in addition to an increased ability to anticipate, create, develop, and deliver advertising that will attract and retain guests.

CHAPTER II

REVIEW OF LITERATURE

The American Marketing Association defines advertising as "any paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor" (Morrison, 1996). For purposes of this research, this is the definition that will be used. Advertising has been the topic of research for a number of years. Numerous studies have served to illustrate the impact of advertising, not only on individual businesses, but also in the industry as a whole. Most of the articles in the literature focus on the benefits a business can receive from advertising their product and services effectively. Advertising effectiveness, for the most part, is defined in terms of the results produced from advertising efforts.

Studies of the relationship between advertising and long term effects, such as increased profit, brand choice or repeat business, is not a new topic. Butler & Abernathy (1994) note that "advertising has the potential to provide information which consumers seek and value in learning". Advertising's main goal is to quickly increase potential customer's knowledge of product or service offerings to specific markets. In addition, Nelson (1974) points out that the purpose of advertising is not always to provide information to the consumer, but to sell the product or service. Though advertising can produce sales, there are more advantages to advertising that exist.

A study conducted by the American Research Foundation / Association of Business Publishers (ARF/ABP) on the *Impact of Business Publications Advertising on Sales and Profits* concluded the following results: (1) more advertising means more sales,

(2) more advertising can result in higher profits, (3) increased advertising frequency can also increase sales leads, and (4) an ad campaign can keep working for a full year and sometimes longer (Bly, 1993). Research generally shows that advertising provides the most effective means of reaching markets (Bly, 1993). Benham (1972) states that the public's knowledge and attitudes increase from advertising, and as a result advertising is capable of persuading people to make purchases, often repeatedly.

The Role of Advertising

Advertising enjoys a rather special place in the minds of business people. Many of them seem to believe that if everything else in marketing fails to increase sales and profits, advertising still may be able to do the job. The belief or hope is that if advertising will only do its job, contemporary marketing need not worry about other problems. (Batra et al., 1996).

Advertising is an activity that is managed on a day-to-day basis to influence the thoughts and actions of consumers. Product or service innovations or changes in distribution or even fundamental changes in pricing are relatively infrequent events in the marketing of consumer products. Advertising can be changed rapidly and continuously; such changes do not necessarily depend upon other changes in the brand or its marketing circumstance. What is it that advertising accomplishes – when it works at all? Advertising enhances the value of the brand that is presented to the public. This addition to the brand value can come about in four interrelated ways: (1) advertising can make the consumer aware of the brand, (2) advertising differentiates the brand from the competitor's, (3) advertising adds value about the brand in the consumers mind and (4)

consumers perceive the brand to be different from the products with which the brand competes (Batra et al., 1996). When advertising is effective in making a product seem different and better, it has in reality accomplished two things (1) it makes the consumer think as the advertiser wishes the consumer to think and (2) it predisposes the consumer to act as the advertiser wishes the consumer to act (Batra et al., 1996).

According to Claude Hopkins, an advertising practitioner, "the only purpose of advertising is to make sales. It is profitable or unprofitable according to its actual sales. It is not for general effect. It is not to keep your name before the people. It is not primarily to aid other sales men" (Bly, 1993). This view of advertising defines the role that advertising first played and continues to play in society. Jones (1992) states that advertising has two roles in society; "first, it plays the economic role by influencing the sales of at least some individual manufacture and second, advertising provides a substantial subsidy to media". Lavidge and Steiner, (1961) also agree that the function of advertising is to help produce sales, however they interject that advertising should not and cannot be designed to produce immediate purchases on the part of all who are exposed. They indicate that sales results are an incomplete criterion of advertising effectiveness.

If results are to occur in the long-term, then some plan of action must occur in the short-term, something that will ultimately lead to eventual sales results. In addition, this process must be measured in order to provide a comprehensive evaluation of the effectiveness of the advertising (Batra et al., 1996). Lavidge and Steiner (1961) suggest that consumers normally do not switch from disinterested individuals to convinced purchasers in one simple step. Rather, they approach the ultimate purchase through a

process or series of steps in which the actual purchase is the final threshold. Lavidge and Steiner's (1961) steps include: (1) unawareness of the existence of the product or service in question, (2) awareness of existence, (3) knowledge of product offerings, (4) liking of product or service, (5) development of attitudes, (6) conviction to purchase, and (7) actual purchase. Ultimately, these steps show the process that a consumer encounters when selecting a branded or non-branded product. Though these steps were first presented in the early sixties when brands were proliferate, the actual process began much earlier when most brands were just being established.

Economic Factors Effecting Advertising

The role of advertising has been greatly affected by economic changes that have occurred (Jones, 1992). In the 1950s and 1960s a large increase in the volume of television advertising was experienced, resulting in an increase in the total amount of resources devoted to television advertising and a decrease in the amount for newspapers, magazine and radio. A second change was the continuous reduction in the number of American advertisers paying agencies the traditional 15% commission during the 1980s. A third change was the constant increase in the proportion of the combined total advertising and promotional budgets 'below the line'. The latter two factors led to (1) significant pressure placed on agency profits, (2) an increase in unemployment in advertising agencies, and eventually to (3) mergers between agencies (Jones, 1992). These changes all began small and insignificant, but grew with increasing momentum resulting in global, technological, and environmental changes in advertising.

Global Factors Effecting Adverting

As companies began expanding globally, so too did the need for advertising. Mooij (1994) states that the advent of electronic media, specifically television, spread knowledge across this once simple world and transformed it into a common commodity. Bold moves have been made into overseas markets by agencies in hopes of stronger growth (Mooij, 1994). As businesses rushed their products into international markets, advertising also was rushed, and as a result much advertising was ineffective. Mooij (1994) also stresses the importance of structuring advertising campaigns in global communities so that advertising dollars are not wasted. Reasons why global advertising dollars are often wasted include: (1) the decision to run a global campaign is often governed by cost and management considerations rather than by the requirements of the countries where the campaign will be exposed, (2) failure rate is high and (3) the reduction in the use of uniform advertising campaigns often results in failure (Mooij, 1994). These points express the fact that although global advertising has introduced many ways to communicate and advertise it still must be treated with the same devotion that domestic advertising receives, because it too impacts return.

Technological Factors Effecting Adverting

The most resent paradigm shift that has drastically changed the role of advertising is the Internet. Maddox et al (1997) estimate that the total number of Internet users is as high as 35 million. Kanter and Newbarth (1996) indicate that hosts on the Internet are doubling every 12 – 15 months. Although advertising is only a three-year-old phenomenon on the Internet, revenue estimates range from $20 million for all of 1996 to

$157.6 million for the first nine months of 1997 (Kassaye, 1997). "As more companies dedicate budgets to Internet advertising, the potential for this new medium cannot be over looked (Bush et al., 1998). According to a study conducted by Bush et al., (1998) 56.3% of the 288 surveyed strongly agreed that "my company has incorporated the internet into its marketing strategy;" "40.6% strongly agreed that "my company considers internet marketing as a valuable marketing asset;" and 37.7% strongly agreed that "marketing on the internet gives my company a competitive advantage". From this study, Bush et al (1998) concluded that (1) advertisers have begun incorporating the Internet into their marketing mix, and (2) advertisers perceive even greater internet presence within the coming years. The Internet, which potentially can be a significant impact on return, is an important yet uncertain medium for advertisers to consider as a part of their marketing communications mix (McDonald, 1997).

Environmental Factors Effecting Advertising

According to Krugamn, (1975) any discussion on the effects of advertising must begin with the environment – a controlling factor that both defines and limits its possible affects. The environment of advertising consists of an intricate web of social, economic and technical circumstances that direct an ad toward a particular audience through a particular medium. Obviously, the advertiser's primary concern in the environment is the consumer, but how often does the consumer comprehend what advertisers are saying?

The answer to this question began in 1922 when a pioneer psychologist, Daniel Sterch, devised a method for measuring readers recognition of print advertising. In 1932, he established a readership program that, through more than 240,000 interviews, annually

surveyed the readers of more than 1,000 issues of consumer and farm magazines, business publications and newspapers (Krugman, 1975).

Later, in the 1960s, George Gallup, another psychologist who pioneered in media research as well as in public opinion research, instituted a survey in which a cross section of Philadelphia was telephoned the day after watching an evening of television and was asked to recall the commercial on the prime-time shows. On the average, only 12% of those who had seen a particular program could recall its commercials (Krugman, 1975).

These findings best explain the intense competition among advertisers. The public shops for information and is aware of product publicity, but fully absorbs or perceives only the portion that is of interest. These research findings on attention help to define the nature of advertising's very special and restricted ability to persuade. To counteract the fact that most advertising is lost, companies allocate significant sums to achieve awareness and recall, but how much is enough?

Assessing Effects of Adverting Expenditure

Annual expenditures by all advertisers in all media (newspaper, magazines, business papers, television, radio, direct mail, outdoor billboards) were estimated to be $138 billion in 1993 according to *Advertising Age* (1993). Robert Coen (1980) estimates that by the year 2000 annual advertising expenditures in the United States will reach $320 billion and will exceed $780 billion worldwide.

The highest spending industries in 1993 included retail ($8,082.3 million); automotive; business and consumer services; entertainment and amusement; food;

toiletries and cosmetics; drugs and remedies, and travel, hotel and resorts ($2,030.5 million) (Batra et al., 1996).

Through the years the largest media category has been newspapers, which carried about 23% of all advertising placed in 1993, measured in terms of total client expenditure. The second largest medium in 1993 was television, with $30.6 billion. Direct mail was the third largest medium, with expenditures of about $27 billion. Direct mail has dramatically increased its share of media expenditures in recent years, rising from 14% of all media expenditures in 1980 to 19.7% in 1993. In contrast, newspapers during the same periods dropped from 28.5% to 23.2%. The strength of direct mail is the potential for pinpointing an audience and its capacity to present large quantities of advertising (Batra et al., 1996).

Just as the amounts allocated on various media types differ, so too do the allocations among companies within the same industry. For example, while Procter & Gamble was spending 11.8% of every sales dollar on advertising in the early 1990s, Lever Brothers was spending only 8.1%, while Colgate-Palmolive was spending as much as 13.5%. Around that same time in the retail industry, while Sears spent 2.7% on sales on advertising and Penny's 2.5%, K-Mart spent only 1.9%. Furthermore, firms often change their advertising expenditures radically from year to year. What generates this wide variation in advertising expenditures among firms within the same industry? How do companies go about setting advertising budgets? How should the budget be established? Can models and techniques be employed to improve their decision making (Batra et al., 1996)?

The importance of setting an advertising budget using careful analysis, rather than industry rules of thumb or "gut feel", cannot be over emphasized. Various studies have repeatedly shown that the average advertising elasticity, the expected percentage change in volume sales when the amount spent on advertising rises 1.0%, is small, about only 0.22% (Assmus et al., 1984). Clearly this is only an average across brands that ignores long-term effects on consumers and effects or the trade and had various other shortcomings as a measure of the value of advertising spending. However, it does suggest that at least some brands may be spending too much on advertising (Broadbent, 1988). When one combines this observation with the fact that for many brands, the advertising budget is the single largest discretionary expense, running into tens of millions of dollars, one should realize quickly that "fine-tuning" the advertising budget is an activity that is worth a fair amount of a brand manager's time (Batra et al., 1996).

Schwartz (1969) interjects that the short-term and long-term benefits of systematically reviewing the firm's advertising efforts is overwhelming. For example, management will be forced to define specifically what each element of its program is intended to accomplish, in advance of the actual advertising expense. Also, an accurate response system could be provided to management, resulting in assistance in uncovering what the advertising program is actually accomplishing in the marketplace. Finally, management would be able to use and learn from experience in order to create communications that are more effective in the future (Schwartz, 1969).

Impact of Advertising

Advertising is one of many forces that can impact sales. The other forces include price, distribution, the sales force, packaging, product features, competitive actions, and changing buyer needs and tastes. Consequently, it is often difficult to isolate the effects of advertising. In addition, advertising's effect on sales is usually long term. If companies believe that advertising generates a substantial lagged effect on sales, then the impact of the advertising campaign may not be known for certain until an acceptable length of time has passed. Research has estimated that, at least for the frequently purchased non-durable goods, the effect of an advertising exposure can take up to nine months to get dissipated (Clarke, 1976).

Advertising might attract buyers who will be loyal customers for several years, or it might start the development of positive attitudes or brand equity that will culminate in a purchase much later. To determine this effect from data it might be necessary to wait far beyond the end of the six-month campaign.

The economic analysis of the relationship between advertising and sales has several related goals: (1) to ascertain whether there is a statistically significant relationship between advertising and sales, (2) to ascertain whether there is a lagged effect and (3) to ascertain the duration of the advertising impact on future sales (McCann et al., 1991). McCann et al. (1991) found that the analysis of the lagged effects on advertising is useful in the budgeting process for at least two reasons, (1) it forces the planners to recognize and quantify the benefits of advertising investments made in one period accrued in later time period and (2) it forces the realization that the amount

budgeted in some current time period should take into account the currently realized effects of advertising expenditures made in prior periods.

Stone and Duffy, (1993) state that total marketing spending has been growing at 8% per year over the past several years. However, ad spending has not kept the same pace at a meager 2% per year. Most businesses fail to realize that it makes economic sense to add value through communicating product and service benefits. Perhaps the most significant reason why advertising spending has decreased is that managers do not fully understand the impact that advertising could have on their product or services. In order to overcome that fact, some research has been conducted to prove that advertising does impact a business in a variety of ways.

Empirical studies intended to evaluate the impact of advertising on sales date back to the 1930s. The earliest studies involved simple linear regression models and static demand functions. Later studies progressed to multiple regression and dynamic demand functions. Resent research has branched into causality tests based on time series analysis. Until very recently, most studies focused on either a single product or a small group of products.

The earliest studies found that advertising significantly affected market share and firm sales within particular industries. Among the pioneering works in this area are studies by Tesler (1962), Palda (1964), and Peles (1971). Later studies by Cowling (1972) and Lambin (1972) incorporated simultaneous equations. Schmalensee (1972) presented a critical evaluation of most of these studies. Both Schmalensee (1972) and Comanor and Wilson (1974) recognized that the strong correlation between sales and advertising could result from the effects of sales on advertising rather than the effects of

advertising on sales. They constructed simultaneous equation models incorporating both effects and found no conclusive evidence of an effect or impact of advertising on sales.

Though studies have been completed in an attempt to analyze the impact of advertising on sale, the causal relationship between advertising and sales remains a controversial issue (Reynold et al., 1991). The results of a large number of econometric studies (conducted between 1962 and 1975) examined by Clarke (1976) provide conflicting evidence on the effectiveness of advertising on sales. A similar review conducted by Schmalensee (1972), which included studies conducted between 1927 and 1971, led the researcher to the conclusion that very few studies have established a reliable relationship between advertising and sales.

The results of studies that have dealt with dairy products are also conflicting. Hessner and Mellor (1986), applied a Box-Jenkins time series analysis to the UK fluid milk market, concluded that no causal relationship exists between advertising and fluid milk consumption. This result is in sharp contrast to a number of studies (Ward and Dixon, 1989; Lui and Forker, 1988; Thompson and Eiler (1977), that have found a significant positive relationship between advertising and fluid milk sales in the North American market. A comprehensive study of the UK butter market by Hessner & Mellor (1986), failed to generate a significant relationship between advertising expenditures and butter consumption. Similarly, Goddard and Amuah (1989), within a fats-and-oils demand system for Canada, estimated positive but significant advertising coefficients for butter. Blaylock and Blissard (1988) found that including generic and branded advertising expenditures separately in US demand equation for processed cheese products produced inconsistent results. However, in aggregate (combined branded and generic)

advertising had a positive and significant impact on the demand for processed cheese. In comparison, generic advertising had a significant positive impact on the demand for natural cheese, while the impact branded advertising was positive but insignificant.

On the hospitality side of advertising, limited research has been conducted like that of the dairy industry to test the relationship between advertising and financial return. A study conducted by Morgan (1991) indicated that chains whose names were well established in a traveler's frame of reference most often got the traveler's business. Guests lodging decisions are directly related to being able to recall a lodging chain name or past experience at a chain. By advertising, a chain can gain 'top-of-the-mind awareness' of potential patrons. As discussed earlier, the purpose of advertising is to promote awareness, persuade, and remind. Advertising by lodging operations typically performs these roles, but ultimately, creates purchasing opportunities that can be quite beneficial to hotels that choose to advertise.

In short, if hospitality organizations, mainly lodging operations, are to survive in this ever-changing environment, they must take precautions now to prepare for future ventures. Advertising is one of many ways to help ensure success in the future. Not only does advertising aid in increasing return, but it also helps shape the brand in the mind of the consumer. This imagery or personality of a brand then partly determines the price premium that the brands can command from consumers. Moreover, this imagery ultimately determines the value of the brand.

CHAPER III
RESEARCH METHODOLOGY

Sample

The population targeted by the researcher was hotels listed in *The Hotel Guide* (hotelguide.com) located in the Southeastern region of the United States as defined by the Federal Government. The states included were: Alabama (AL), Florida (FL), Georgia (GA), Kentucky (KY), Mississippi (MS), North Carolina (NC), South Carolina (SC), and Tennessee (TN). The total combined number of usable hotels listed that were located in the southeastern region was 3,654. The first hypothesis (H1) was hotels with a MB have greater GR than hotels that do not have a MB. The second hypothesis (H2) was hotels with a MB have greater ADR than hotels that do not have a MB. The final hypothesis (H3) was hotels with a MB have greater OCC than hotels that do not have a MB. The sample was limited to those hotels listed in *The Hotel Guide* as of September 28, 1998. Each member was numbered accordingly for purposes of anonymity. The total number of hotels chosen at random for the sample was 365, 10% of the population. It is important to note that the population and sample researched for this study included only hotels listed in *The Hotel Guide* and not every lodging establishment in the southeast region of the United States.

Instrument Development

The research instrument for this study was a three-part survey that was developed by the researcher. The first section contained sections of questions concerning the hotels

marketing budget including market segments, media, market research, and advertising allocations. The second section was directed towards obtaining demographic information regarding the hotel property and the third section was directed to the hotel operator completing the questionnaire.

The questionnaire was mailed using the Dillman approach to mail surveys which includes the initial mail-out with cover letter, first and second reminders, and self-addressed, stamped envelopes (Dillman, 1978). The participants were given ample instruction and time to answer the questionnaires. The researcher was available and accessible to answer any questions the participants had during the process.

The first section contained questions asking the participant to check the appropriate answer(s) that correspond to participant's operation. The second section followed the same format listed previously, but focused specifically on the lodging property. The third section asked hotel operators to complete questions regarding their position, years of experience, and education. To ensure that the respondents were the person directly responsible for the marketing budget decisions, the envelopes were addressed to either the General Manager or Marketing Director of the hotel.

The questionnaire was pilot tested with current hotel operators in the population located in the Southeast region. Twenty (20) operations were randomly chosen from the entire sample to participate in the pilot test and ten (10) were chosen from Knoxville, TN. The pilot test was used to identify any problem areas within the questionnaire. The initial pilot test was sufficient in verifying the accuracy and reliability of the survey.

Data Collection

The initial mail-out was sent in a labeled business envelope via first class U.S. mail. It contained a cover letter, a survey, and a self-addressed metered reply envelope. In hopes of achieving the highest response rate possible, an identical survey was posted on the World Wide Web in order to use the most up-to-date method of surveying. In addition, a reminder was mailed two (2) weeks following the initial mail-out to those who had not responded. Further, another reminder was sent ten (10) days following the first reminder to any respondents who had not replied in addition to reminder telephone calls that were placed to 200 of the non-respondents.

Data Analysis

Data was analyzed using the statistical analysis package, SPSS, at the University of Tennessee, Knoxville. Pearson's Correlation tests were used to measure the strength of the relationship between GR, ADR, MB, MR and OCC. Mann – Whitney tests, also referred to as the Wilcoxon Rank Sum test, were used when comparing two independent groups such as GR, MB, MR, ADR and OCC. Kruskal – Wallis tests, a non-parametric analogue to the one-way analysis of variance, were used to examine significant differences of several groups including age, location, and affiliation (Schlotzhauer & Littell, 1995).

CHAPTER IV
FINDINGS

Descriptives and Demographics

Questionnaires were mailed to 365 hotels located in the southeast region found in the Hotel Guide Online. Of the first mailing, only 24 were received within the first two weeks. After that initial waiting period, 12 surveys were returned in response to the first reminder that had been sent to all non-respondents from the original mailing. After one month, 24 surveys were returned in response to the second and final reminder letter in addition to reminder telephone calls. A total of 9 surveys were obtained from the Internet questionnaire. The total number of surveys collected was 60, however 4 were incomplete and unusable, leaving 56 (15.3%) usable surveys. A total of 11 surveys were returned as undeliverable, 3% of the entire mailing. As far as those that did not participate, no significant differences were noted concerning affiliation, location, size. Telephone calls to the properties revealed that the majority of non-participants were apathetic, skeptical, and myopic toward the research. As shown in Figure 1, Zero (0) were collected from Alabama (AL), 16 (28.6%) from Florida (FL), 9 (16.1%) from Georgia (GA), 1 (1.8%) from Kentucky (KY), 2 (3.6%) from Missouri (MS), 10 (17.9%) from North Carolina (NC), 5 (8.9%) from South Carolina (SC), and 13 (23.2%) from Tennessee (TN).

Table 1 shows the demographic characteristics of the hotel properties that responded to the questionnaire. Three point six percent of the properties that responded were 1 – 5 years old, 26.8% were 6 – 10 years old, 19.6% were 11 – 15 years old, 7.1% were 16 – 20 years old, and 42.9% were 21 or more years old.

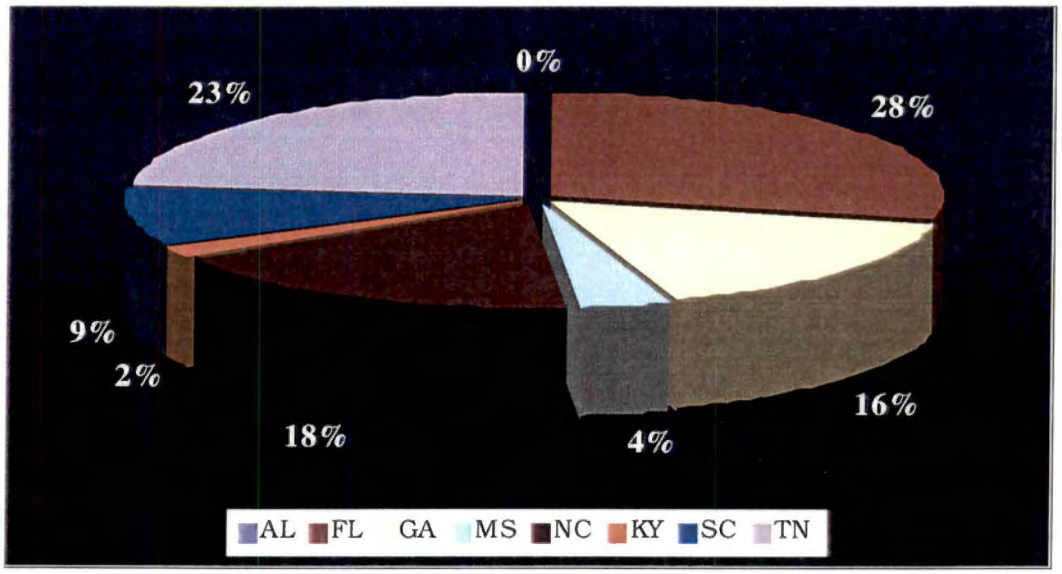


Figure 1 Breakdown of the Percentage of Respondents from Each State

Table 1 Breakdown of the Properties by Age of Hotel

CHARACTERISTICS	WITH MB	WITHOUT MB	TOTAL	TOTAL %
AGE:				
1 – 5 YEARS	1	1	2	3.6
6 – 10 YEARS	11	4	15	26.8
11 – 15 YEARS	11	0	11	19.6
16 – 20 YEARS	2	2	4	7.1
21 YEARS OR MORE	17	7	24	42.9
TOTAL	42	14	56	100.0

With regards to location, Table 2 shows the breakdown of the properties by location. Twenty-eight point six percent of the hotels were located downtown, 21.4% along the interstate, 33.9% on a resort, and 16.1% were located in a category labeled "other" which included casino, unincorporated college community, and midtown. A Kruskal-Wallis test showed no significant difference between the location of the hotel and the GR for the property (Chi-sq.=3.219, df=2, sig.=0.200).

Seventy-five percent of the hotels that had less than 100 rooms had less than 25 employees, 52.9% of the hotels that had 101 – 150 rooms had 26 – 50 employees, 40.0% of the hotels with 151 – 200 rooms had 101 – 200 employees, 42.9% of the hotels than had more than 200 rooms had 101 – 200 employees while another 42.9% in that same range had more than 300 employees. Affiliation of the hotels, Table 3, includes 39.3% that indicated franchise, 21.4% indicated independent, 26.8% indicated owner managed, and 12.5% indicated a category label other which included consortia and corporate affiliation. Affiliation of the hotels who have a yearly marketing budget and plan (MB) includes 33.3% that indicated franchise, 26.2% indicated independent, 23.8% indicated owned managed, and 16.7% indicated a category label other. Affiliation of the hotels *without* a MB includes 57.1% that indicated franchise, 7.1% indicated independent, and 35.7% indicated owned managed and none that indicated other. A Kruskal-Wallis test showed no significant difference between affiliation and GR (chi-sq.=2.670, df=2, sig.=0.263, n=56).

Common amenities and services that were offered to guests by all hotels sampled included workout facilities (41.1%), pool / spa (67.9%), meeting rooms

Table 2 Breakdown of the Properties by Location of the Hotel

CHARACTERISTICS LOCATION:	WITH MB	WITHOUT MB	TOTAL	TOTAL %
DOWNTOWN	11	5	16	28.6
INTERSTATE	9	3	12	21.4
RESORT	15	4	19	33.9
OTHER	7	2	9	16.1
TOTAL	42	14	56	100.0

Table 3 Breakdown of the Properties by Affiliation of the Hotel

CHARACTERISTICS AFFILIATION	WITH MB	WTHOUT MB	TOTAL	TOTAL %
FRANCHISE	14	8	22	39.3
INDEPENDENT	11	1	12	21.4
OWNER MANAGED	10	5	15	26.8
OTHER	7	0	7	12.5
TOTAL	42	14	56	100.0

(69.9%), restaurants (53.6%), bars (44.6%), and lounges (48.2%).

Table 4 shows the hotels in the sample had an ADR in 1998 that averaged $87.54, with a range of $25.00 to $188.00. Hotels that had a MB had an ADR in 1998 of $94.24. In contrast, hotels without a MB had an ADR of $67.43, a 28.4% difference. In 1997 the ADR averaged $85.21. According to *Trends* (1998) the industry ADR for all hotels was $103.96 in 1997. Hotels that had a MB had an ADR in 1997 of $92.35. In contrast, hotels without a MB had an ADR of $64.81, a 29.8% difference.

A Pearson's correlation test, Table 5, showed a significant correlation between the GR of all hotels and ADR (corr.=0.453, sig.=0.001, n=56), for hotels with 100 rooms or less (corr.=0.597, sig.=0.002, n=24), 101 – 150 rooms (corr.=0.945, sig.=0.001, n=16) and 151 – 200 rooms (corr.=0.738, sig.=0.015, n=10). Additionally, a Mann-Whitney test, Table 6, indicated a significant difference between hotels with and without a MB for all hotels with regards to GR and ADR (z=-2.044, sig.=0.041, n=56).

Table 7 shows the hotel OCC for 1998 averaged 66.8%, with a high of 90.0% and a low of 25.0%. Hotels that had a MB in 1998 had an OCC of 68.0%. In contrast, hotels without a MB had an OCC of 63.3%, a 6.9% difference. The 1997 average OCC was 65.4%. According to *Trends* (1998) the industry OCC for all hotels was 71.0%. Hotels *with* a MB had an OCC of 66.8%. In contrast, hotels *without* a MB had an OCC of 64.5%, a 2.3% difference.

A Pearson's Correlation, Table 8, test showed no significant correlation between GR and OCC (corr.=0.189, sig.=0.164 n=56). The correlation was significant

Table 4 Breakdown of ADR for the Properties in the Sample

CHARACTERISTICS	WITH MB	WTHOUT MB	WHOLE
AVERAGE DAILY RATE:			
1998	$94.2	$67.4	$87.5
1997	$92.4	$64.8	$85.2

Table 5 Pearson's Correlation Test Comparing GR and ADR

Correlations

		GR	ADR
GR	Pearson Correlation	1.000	.453**
	Sig. (2-tailed)	.	.000
	N	56	56
ADR	Pearson Correlation	.453**	1.000
	Sig. (2-tailed)	.000	.
	N	56	56

**. Correlation is significant at the 0.01 level

Table 6 Mann-Whitney Test Examining Significance of ADR of Hotels with MB and Hotels without MB

Test Statistics

	ADR
Mann-Whitney U	186.000
Wilcoxon W	291.000
Z	-2.044
Asymp. Sig. (2-tailed)	.041

Table 7 Breakdown of OCC for Properties in the Sample

CHARACTERISTICS	WITH MB	WTHOUT MB	WHOLE
AVERAGE OCCUPANCY:			
1998	68.0%	63.3%	66.8%
1997	66.8%	64.5%	65.4%

Table 8 Pearson's Correlation Test Comparing GR to OCC

Correlations

		GR	OCC
GR	Pearson Correlation	1.000	.189
	Sig. (2-tailed)	.	.164
	N	56	56
OCC	Pearson Correlation	.189	1.000
	Sig. (2-tailed)	.164	.
	N	56	56

among hotels with a MB with 101 – 150 rooms (corr.=0.739, sig.=0.001, n=16). Additionally, a Mann-Whitney test, Table 9, showed no significant difference between hotels with or with without a MB with regards to GR and OCC (z=-0.540, sig.=0.589, n=56).

As for the person completing the questionnaire, Table 10 shows that 51.8% (29) were General Managers, 23.2% (13) were Marketing Directors, and 25.0% (14) indicated other which included owner (7), assistant general manager (2), and sales manager / director (3). Table 11 shows that 57.1% (32) of the respondents have held their current position for less than 3 years, 7.1% (4) from 4 –6 years, and 35.7% (20) indicated they have held their position for more than 6 years. Table 12 shows the degree completed by the respondents included 32.1% (18) below baccalaureate, 53.6% (30) baccalaureate, and 14.3% (8) above baccalaureate. Majors that were listed most frequently included marketing (4), hospitality (6), and business (16). A Mann-Whitney test indicated that there was no significant difference between the GR of a hotel operator that has less than a Baccalaureate or at least a Baccalaureate (z=-0.377, sig.=0.706, n=56).

Lastly, Table 13 shows that the average GR was $4.3 million for 1998 and $4.1 million in 1997. Hotels that had a MB had an average GR of $5.3 million in 1998 and $5.1 million in 1997. However, hotels that did not have a MB had an average GR of $1.1 million in 1998 and $1.0 million in 1997. The dramatic difference might be due to the type and class of the properties that responded to the questionnaire. A Mann-Whitney Test, Table 14, indicated that their was a significant difference between the GR of hotels with a MB and the GR of hotels without a MB (z=-2.990, sig.=0.003, n=56).

Table 9 Mann-Whitney Test Examining Significance of OCC of Hotels with MB and Hotels without MB

Test Statistics

	OCC
Mann-Whitney U	265.500
Wilcoxon W	370.500
Z	-.540
Asymp. Sig. (2-tailed)	.589

Table 10 Breakdown of the Managers and Operators that completed the Questionnaire

CHARACTERISTICS	WITH MB	WTHOUT MB	TOTAL	TOTAL %
POSITION OF COMPLETER				
GENERAL MANAGER	20	9	29	51.8
MARKETING DIRECTOR	12	1	13	23.2
OTHER	10	4	14	25.0
TOTAL	42	14	56	100.0

Table 11 Breakdown of the Time the Managers and Operators have been in their Current Position

CHARACTERISTICS	WITH MB	WTHOUT MB	TOTAL	TOTAL %
YEARS IN POSITION				
LESS THAN 3 YEARS	23	9	32	57.1
4 – 6 YEARS	3	1	4	7.1
MORE THAN 6 YEARS	16	4	20	35.7
TOTAL	42	14	56	100.0

Table 12 Breakdown of the Education Levels Indicated by the Managers and Operators

CHARACTERISTICS	WITH MB	WTHOUT MB	TOTAL	TOTAL %
LEVEL OF EDUCATION				
BELOW BACCALAUREATE	13	5	18	32.1
BACCALAUREATE	23	7	30	53.6
ABOVE BACCALAUREATE	6	2	8	14.3
TOTAL	42	14	56	100.0

Table 13 Average GR for the Properties in the Sample

CHARACTERISTICS	WITH MB	WTHOUT MB	DIFFERENCE
GROSS REVENUE:			
1998	$5,322,382	$1,064,989	$4,258,034
1997	$5,091,315	$1,001,807	$4,068,938

Table 14 Mann-Whitney Test Examining Significance of GR of Hotels with MB and without MB

Test Statistics

	GR
Mann-Whitney U	136.000
Wilcoxon W	241.000
Z	-2.990
Asymp. Sig. (2-tailed)	.003

The average revenue per available room (REVPAR) was $25,217 for 1998 and 1997. Hotels with a MB had an average REVPAR of $29;017. Oppositely, hotels without a MB had an average REVPAR of $13,817, a difference of $15,200 per room. Again, the difference might be due to the type and class of properties that responded

Marketing Budget / Plan

The data showed that 75.0% (42) of the hotels surveyed located in the southeast currently use a marketing budget. As a result, 25.0% (14) of hotels do not currently have and do not plan to develop a marketing budget. A Pearson's Correlation test among hotels with a MB, Table 15, indicated a significant correlation between GR and MB (corr.=0.950, sig.=0.001, n=42), hotels with less than 100 rooms (corr.=0.933, 0.001, n=15), hotels with 151-200 rooms, (corr.=0.869, sig.=0.001, n=10), and hotels with more than 200 rooms (corr.=0.955, sig.=0.003, n=6). Additionally, Mann-Whitney test indicated a significant difference between hotels with and without a MB with regards to GR and MB (z=-2.990, sig.=0.003, n=42).

Table 16 shows that the average MB in 1998 was $305,145, 7.2% of the average GR for hotels that had a MB. The average MB in 1997 was $291,103, also 7.2% of the average GR. A Pearson's Correlation test, Table 17, showed a significant correlation between MB as ADR (corr.=0.427, sig.=0.005, n=42). The third Pearson's Correlation test showed that there was no significant correlation between MB and OCC (corr.=0.190, sig.=0.227, n=42).

Table 15 Pearson's Correlation Test Comparing GR and MB

Correlations

		GR	MB
GR	Pearson Correlation	1.000	.950**
	Sig. (2-tailed)	.	.000
	N	42	42
MB	Pearson Correlation	.950**	1.000
	Sig. (2-tailed)	.000	.
	N	42	42

**. Correlation is significant at the 0.01 level

Table 16 Average MB for the Properties with MB

CHARACTERISTICS	MB
MARKETING BUDGET:	
1998	$305,145
1997	$291,103

Table 17 Pearson's Correlation Test Comparing MB and ADR

Correlations

		MB	ADR
MB	Pearson Correlation	1.000	.427**
	Sig. (2-tailed)	.	.005
	N	42	42
ADR	Pearson Correlation	.427**	1.000
	Sig. (2-tailed)	.005	.
	N	42	42

**. Correlation is significant at the 0.01 level

Figure 2 shows that the most common methods for determining the total marketing budget by hotel properties with a MB located in the southeast were percent of anticipated sales (28, 66.7%) and objective – task (14, 33.3%). Same budget as previous year (3, 7.1%) was used least often. Figure 3 shows that the general manager (26, 61.9%) most frequently determines the amount of the marketing budget. Others who are instrumental in developing the marketing budget include corporate office (20, 47.6%), franchiser / owner (17, 40.5%), and marketing / sales director (17, 40.5%).

Figure 4 shows that the marketing / sales director (28, 66.7%) and general manager (22, 52.7%) most frequently develop the marketing and sales plan for hotels with a MB in the Southeast. Figure 5 shows that 69.0% of the respondents indicated that their operation spends 1 – 3 months preparing the MB for the hotel, 23.8% spend 4 – 6 months, 2.4% spend 7 – 9 months, 4.8% spend 10 – 12 months, and none of the hotels spend more than 12 months.

Figure 6 shows that 33.3% of the hotels with a MB allocate less than 9% of the MB to advertising, 11.9% of respondents allocate 10% - 19%, 9.5% allocate 20% - 29%, 7.1% allocate 30% - 39%, 19.0% allocate 40% - 49%, and 19.0% allocate more than 50%

Figure 7 shows that 39.4% of hotels surveyed with a MB that were surveyed spend less than $2.99 per available room on marketing, 28.6% spend $3.00 - $3.99, 4.8% spend $4.00 - $4.99, 4.8% spend $5.00 - $5.99, 4.8% spend $6.00 - $6.99, and 16.7% spend more than $7.00. Figure 8 shows that 59.1% (25) of the hotels with

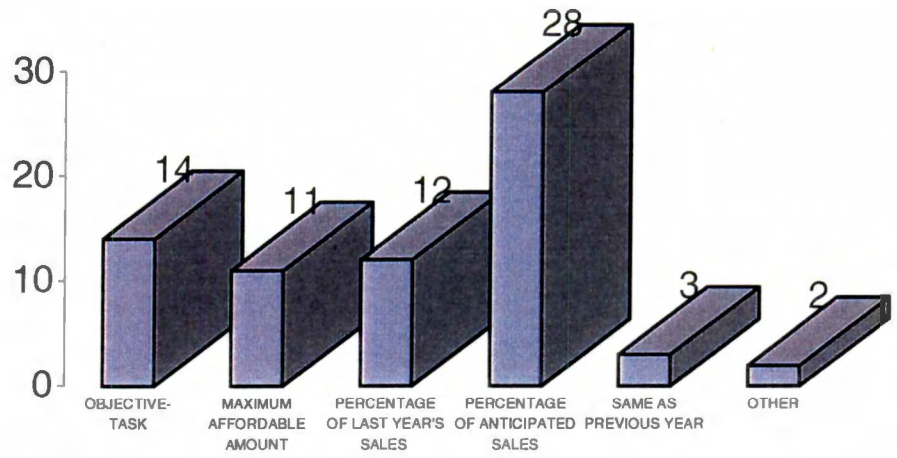


Figure 2 Breakdown of the Methods used by Hotels with MB to Determine MB

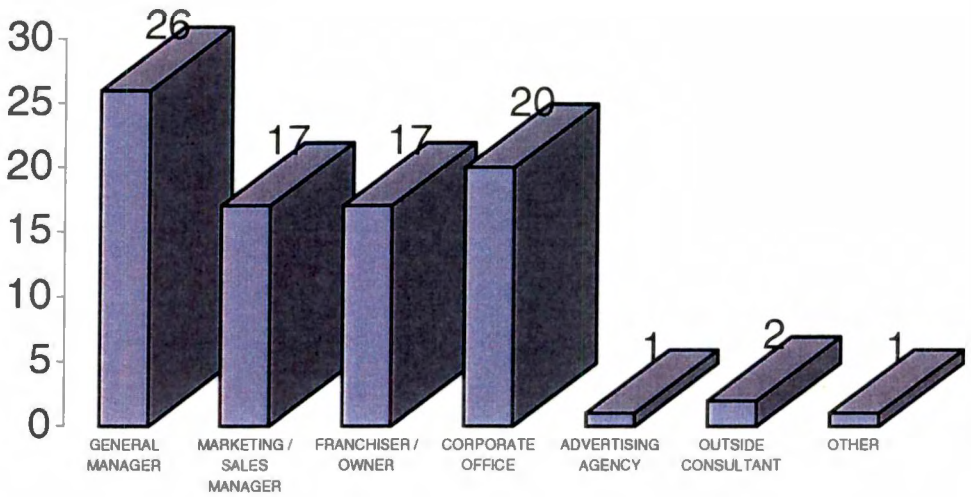


Figure 3 Breakdown of the Person(s) that Determine the MB

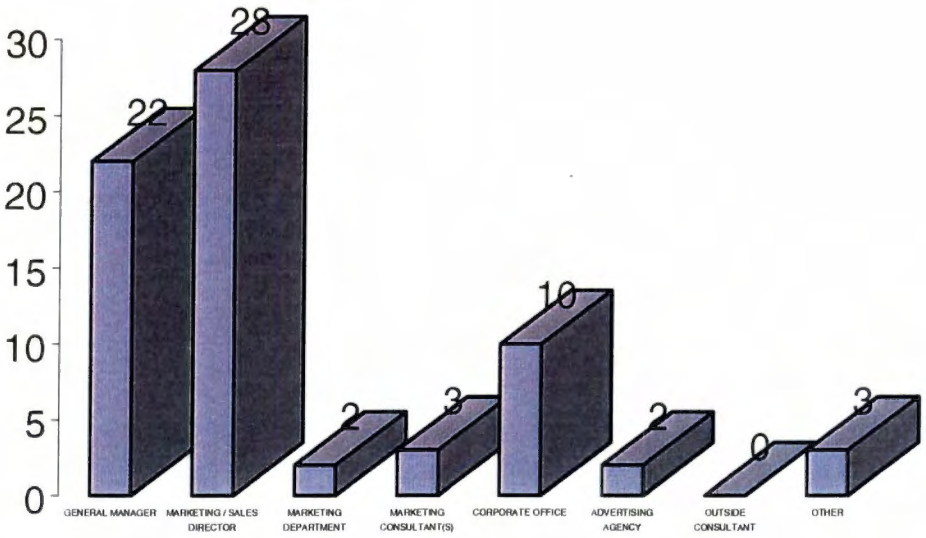


Figure 4 Breakdown of the Person(s) that Develops the Marketing / Sales (MS) Plan

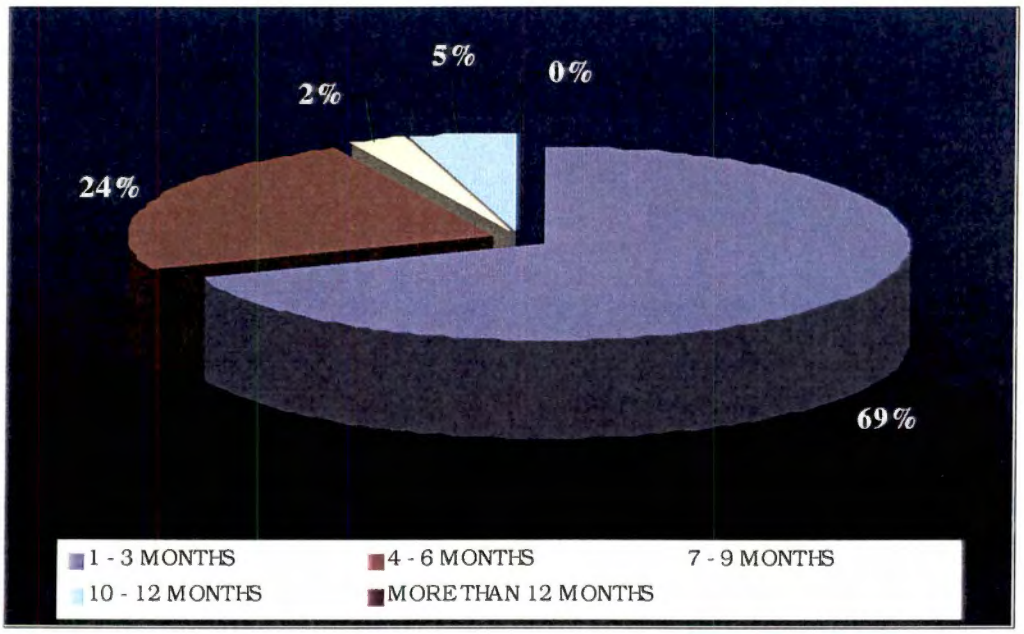


Figure 5 Breakdown of the Number of Months Hotels with MB Spend Preparing MS Plan

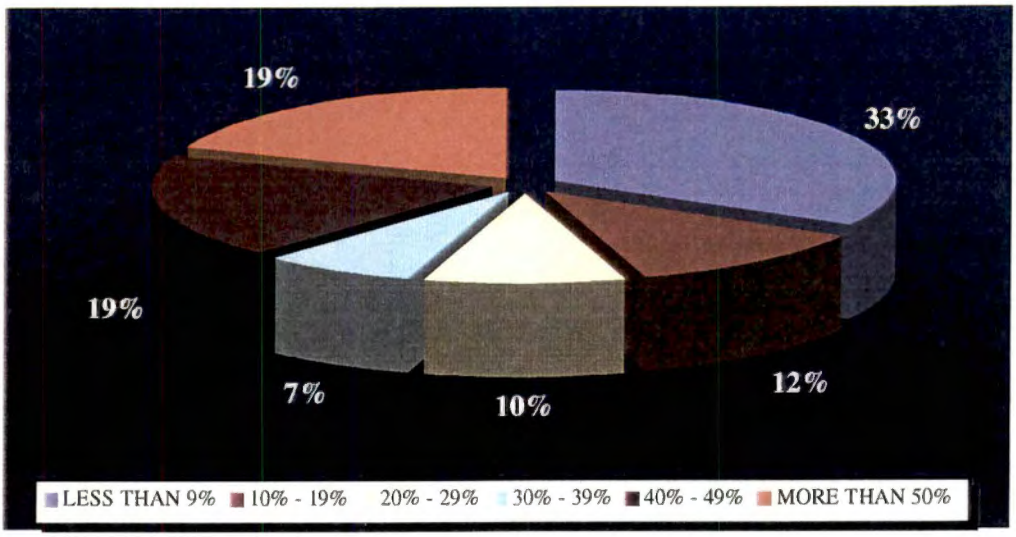


Figure 6 Breakdown of the Percentage of Total MS Budget that is Allocated to Advertising

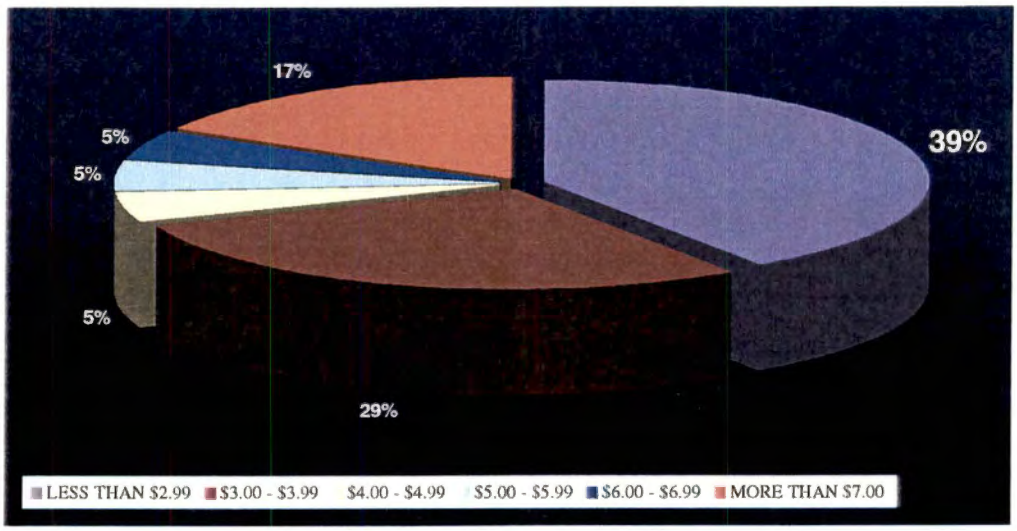


Figure 7 Breakdown of the Amount Spent by Hotels with MB Per Available Room

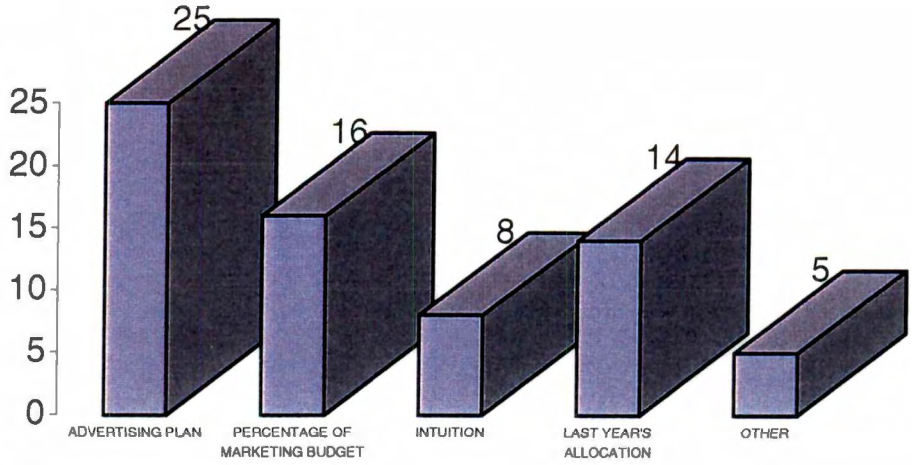


Figure 8 Breakdown of the Criteria for Determining the Percentage of the MB Allocated to Advertising

MB use an advertising plan for determining what criteria of the MB is actually allocated to advertising itself, 38.1% (16) use percentage of the marketing budget, 19.0% (8) use intuition, 33.3% (14) use last years allocation, and 11.9% (5) use other which includes expected increase in sales, corporate requirements and owners decisions.

Market Segments

With regards to market segments targeted by hotels, 28.6% of hotels with MB indicated that their hotel targets the individual business traveler the most, 31.0% target group / convention, 14.3% target the senior market, 11.9% target families, 40.1% target leisure travelers, 16.7% target couples, 7.1% target S.M.E.R.F (social, military, educational, religious, fraternal), and 9.5% target other European travelers, construction, and reunions.

Figure 9 shows that none of the hotels in the southeast with a MB indicated advertising is never or rarely successful in targeting the primary target market, 45.2% (19) indicated sometimes, 38.1% (16) indicated almost always, 7.1% (3) indicated always, and 9.5% (4) indicated no basis for assessment.

Figure 10 shows that effective and successful advertising is measured in a variety of ways in the Southeast. Sixty-four point three percent (27) of hotels with a MB indicated that their hotel measures advertising effectiveness by an increase in occupancy rate, 19.0% (8) by an increase in guest count, 57.1% (24) by an increase revenue, 42.9% (18) by the number of coupons collected, 35.7% (15) by an increase in repeat business referrals, 16.7% (7) by an increase from travel intermediaries, and 9.5% (4) from other which included logging reservation source and tracking calls from ads.

Twenty-one point four percent of the respondents with a MB indicated that individual business travelers show the greatest response from their advertising, 11.9% indicated group / convention, 7.1% indicated seniors, 14.6% indicated families, 45.2% indicated leisure travelers, 4.8% indicated couples, and 4.8% indicated other which included European travelers and construction workers.

Media

Concerning media selection, 41.5% of the respondents with a MB indicated that print media was used the most in the past year, 22.0% indicated newspapers, 17.1%

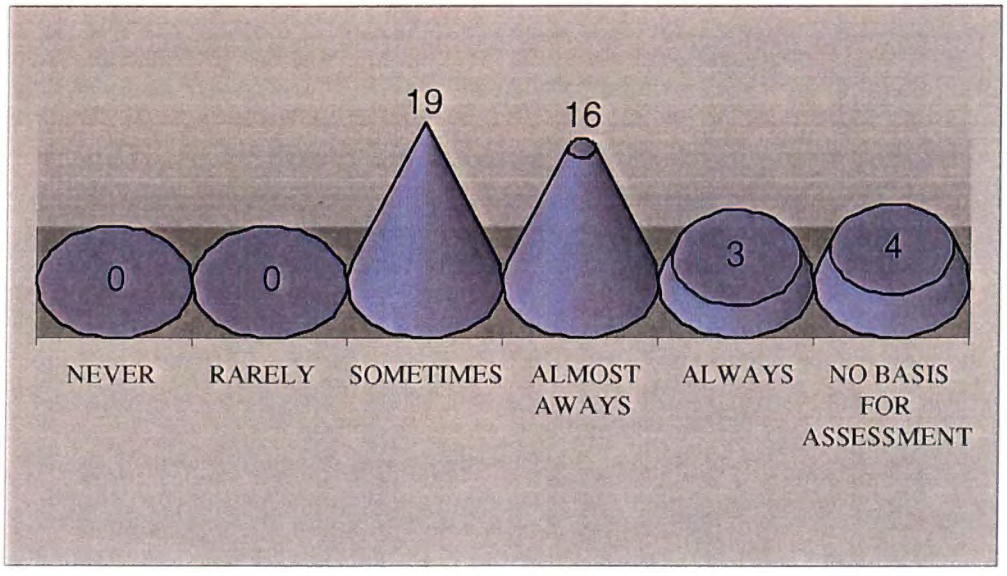


Figure 9 Responses to Question that Asked "How Often Was Advertising Successful in Reaching the Primary Target Market?"

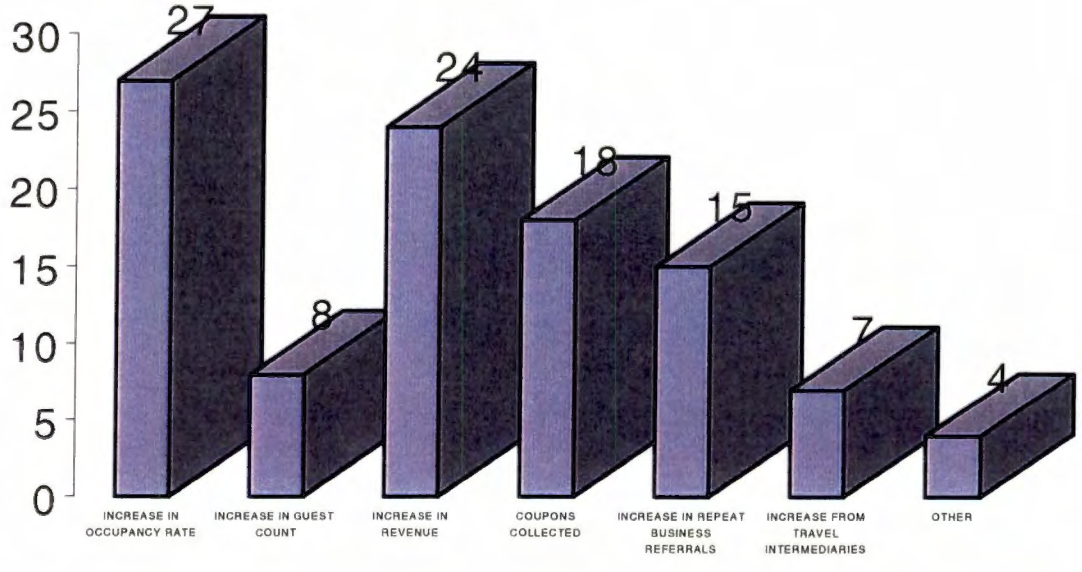


Figure 10 Breakdown of the Method used to Measure Effectiveness of Advertising Dollars

indicated magazines, 19.5% indicated direct mail, 19.5% indicated internet, 14.6 indicated yellow pages and directories, and 14.6% indicated billboards.

Figure 11 shows that 52.4% (22) of the hotels with MB indicated that the general manager determines media selection. Fifty-four point eight percent (23) indicated marketing / sales director, 2.4% (1) indicated marketing / sales executive, 21.4% (9) indicated franchise / owner, 11.9% (5) indicated advertising agency, 4.8% (2) indicated outside consultant, and 11.9% (5) indicated other which included owner and corporate.

The average percentage of MB dollars for print advertising by hotels with MB was 58.2% with 8% being the low and 100% being the high. The average for television was 11.0% with 1.0% being the low and 45.0% being the high. The average for Internet was 20.0%, with 2.0% being the low and 70.0% being the high. The

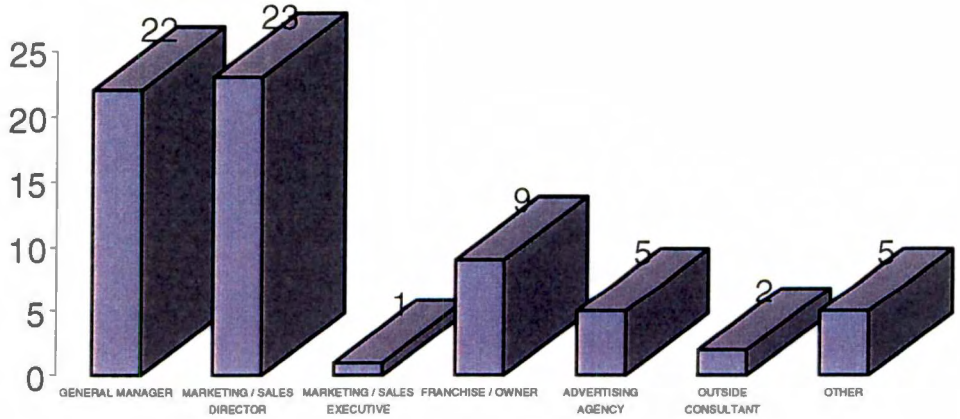


Figure 11 Breakdown of the Manager(s) or Operator(s) that Determine Media Selection

radio was 19.6%, with 5.0% being the low and 90.0% being the high. Lastly, the average for other, which includes direct mail, billboards, AAA guide, magazines, media trade and yellow pages, was 23.5%, with 5.0% being the low and 75.0% being the high.

Market Research

The data indicates that 55.6% of all hotels surveyed and 73.8% (31) of the hotels that have a MB maintain an up-to-date guest history database for marketing purposes. A Mann-Whitney test, Table 18, indicated that there was no significant difference between hotels with a MB that use a database for marketing purposes and those that did not with regards to GR, (z=-6.72, sig.=0.501, n=42) ADR (z=-1.130, sig.=0.258, n=42) or OCC (z=-0.616, sig.=0.538, n=42). Eighty-three point nine percent of hotels (26) with a MB who maintain a database use the information gathered for direct mail, 22.6% (7) for telephone selling, 32.3% (10) for personal selling, 12.9% (4) for media selection, and 9.7% (3) for other which included internet newsletter.

Additionally, 57.1% (24) of the hotels with a MB use market research to identify market segments, competitors, and consumer needs. A Mann-Whitney test, Table 19 indicated that there was a significant difference between hotels with a MB that conducted MR with regards to GR (z=-3.012, sig.=0.003, n=42) and OCC (z=-2.328, sig=0.020, n=42), however there was not a significant difference with ADR (z=-1.157,

Table 18 Mann-Whitney Test Examining Significance of GR, ADR, and OCC Compared to Hotels with Databases

Test Statistics

	GR	ADR	OCC
Mann-Whitney U	147.000	131.000	149.000
Wilcoxon W	213.000	197.000	215.000
Z	-.672	-1.130	-.616
Asymp. Sig. (2-tailed)	.501	.258	.538

Table 19 Mann-Whitney Test Examining Significance of GR, ADR, and OCC Compared to Hotels with Market Research

Test Statistics

	GR	ADR	OCC
Mann-Whitney U	97.500	170.500	124.500
Wilcoxon W	268.500	341.500	295.500
Z	-3.012	-1.157	-2.328
Asymp. Sig. (2-tailed)	.003	.247	.020

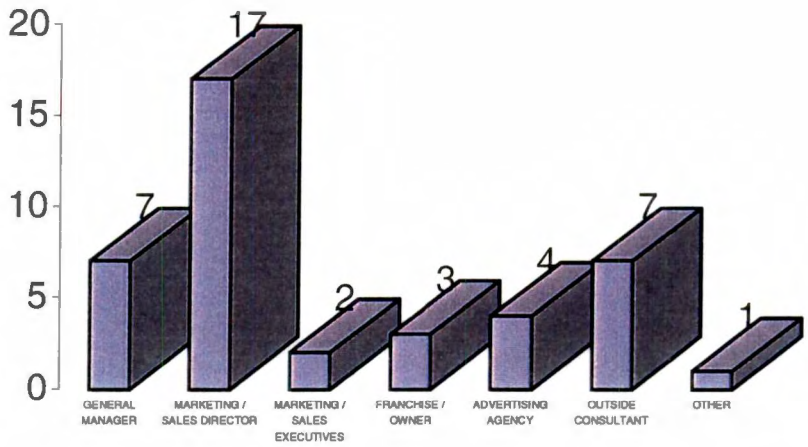


Figure 12 Breakdown of the Manager(s) or Operator(s) that Conduct MR for the Hotel

sig.=0.247, n=42). Figure 12 shows that 29.2% (7) of the respondents who conduct MR indicated that the General Manager is the one that performs that function for the hotel. Seventy point eight percent (17) indicated marketing / sales director, 8.3% (2) indicated marketing / sales executive, 12.5% (3) indicated franchise / owner, 16.7% (4) indicated advertising agency, 29.2% (7) indicated outside consultant, and 4.2% (1) indicated other which included corporate.

Figure 13 shows that 54.2% (13) of the hotels with MB that conduct MR (24) conduct consumer profile studies, 37.5% (9) conduct market needs identification, 58.3% (14) conduct market segmentation, 20.8% (5) conduct market effort evaluation, 12.5% (3) conduct marketing audit, 58.3% (14) conduct sales analysis, 41.7% (10) conduct pricing research, and 4.2% (1) indicted other.

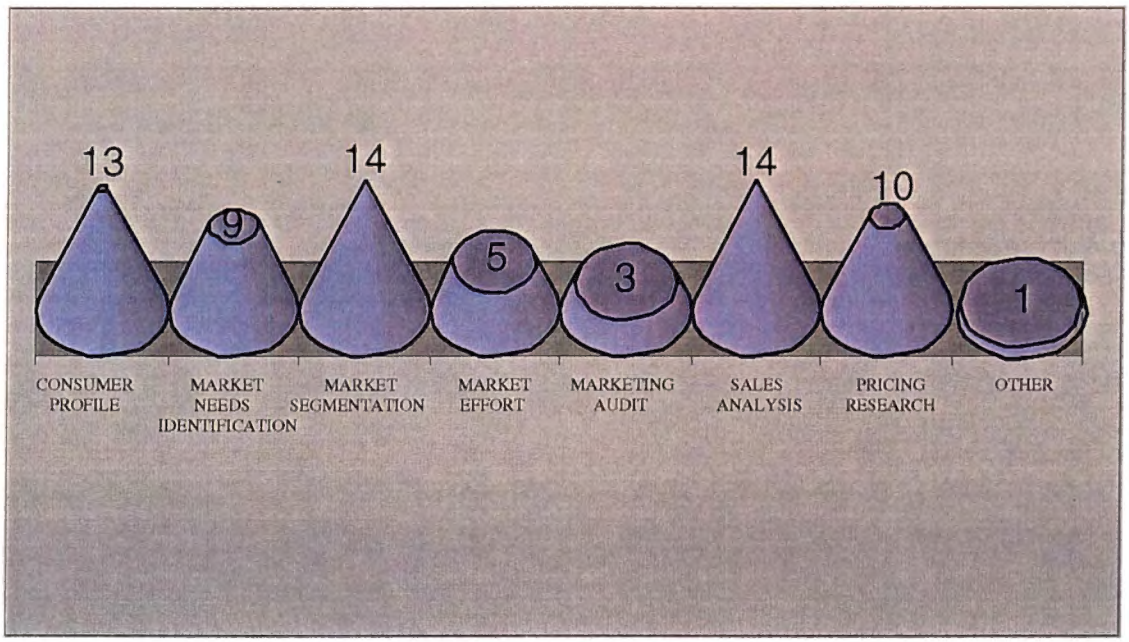


Figure 13 Breakdown of the Types of MR Conducted by Hotels with MB

Advertising Allocations

Figure 14 shows that 28.6% of the hotels with MB indicated that the percentage of their hotels advertising budget to target food & beverage sales is below 9%. Fourteen point three percent indicated 10 – 19%, 11.9% indicated 20% - 29%, 2.4% indicated 30% - 39%, 4.8% indicated 40%, or above and 38.1% indicated not applicable.

Figure 15 shows that 9.5% of the hotels with MB indicated that the percentage of their hotel's advertising budget to target room sales is below 9%. None indicated 10 – 19% or 20% - 29%, 9.5% indicated 30% - 39%, and 71.4% indicated 50% or above.

Figure 16 shows that 23.8% of the hotels with MB indicated that the percentage of their hotel's advertising budget to target convention sales is below

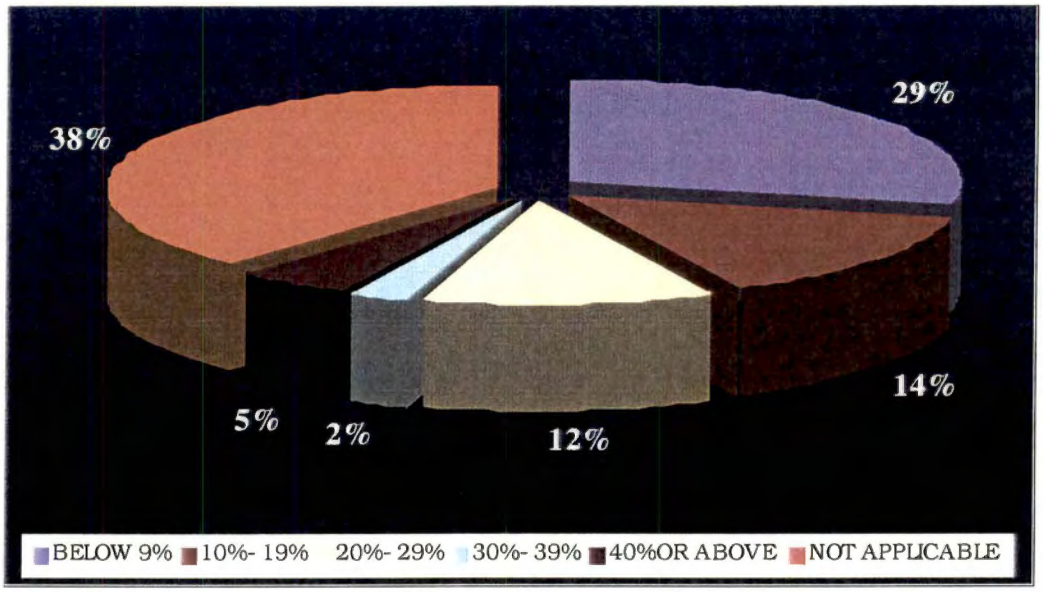


Figure 14 Breakdown of the Percentage of AB Targeted to Food and Beverage Sales

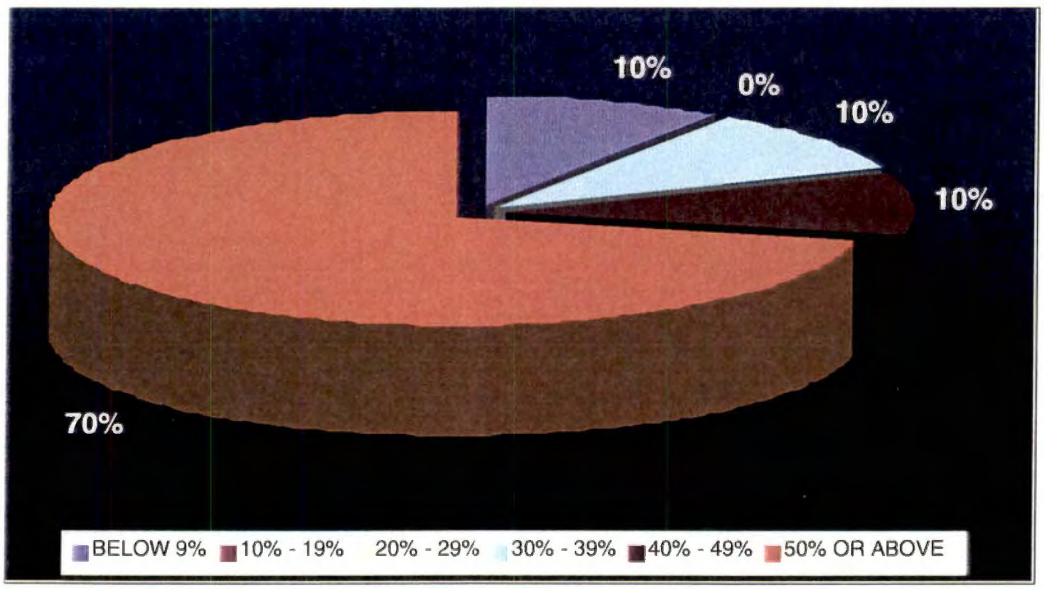


Figure 15 Breakdown of the Percentage of AB Targeted to Room Sales

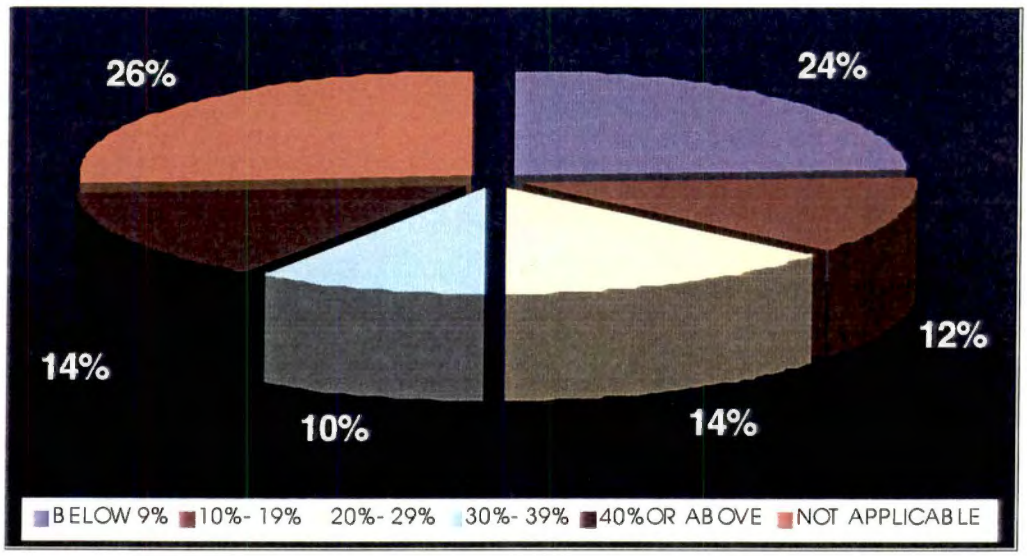


Figure 16 Breakdown of the Percentage of AB Targeted to Convention Sales

9%. Eleven point nine percent indicated 10 – 19%, 14.3% indicated 20% - 29%, 9.5% indicated 30% - 39%, 14.3% indicated 40% or above, and 26.2% indicated not applicable.

Fifty-seven point one percent of the hotels with MB have less than 2 employees working in their marketing department. Nineteen percent indicated 2 –4 , 4.8% indicated 5 – 7, 7.1% indicated 8 – 10, 7.1% indicated more than 11, and 4.8% indicated not applicable.

Figure 17 shows that 81.5% of the hotels with MB indicated that internal advertising is below 9%. Also, 14.3% indicated 10% - 19%, 2.4% indicated 20% - 29%, none indicated 30% - 39% or 40% - 49%, and 2.4% indicated 50% or more.

Figure 18 shows that 11.9% of the hotels with MB indicated that external advertising is below 9%. Also, 7.1% indicated 10% - 19%, 4.8% indicated 20% -

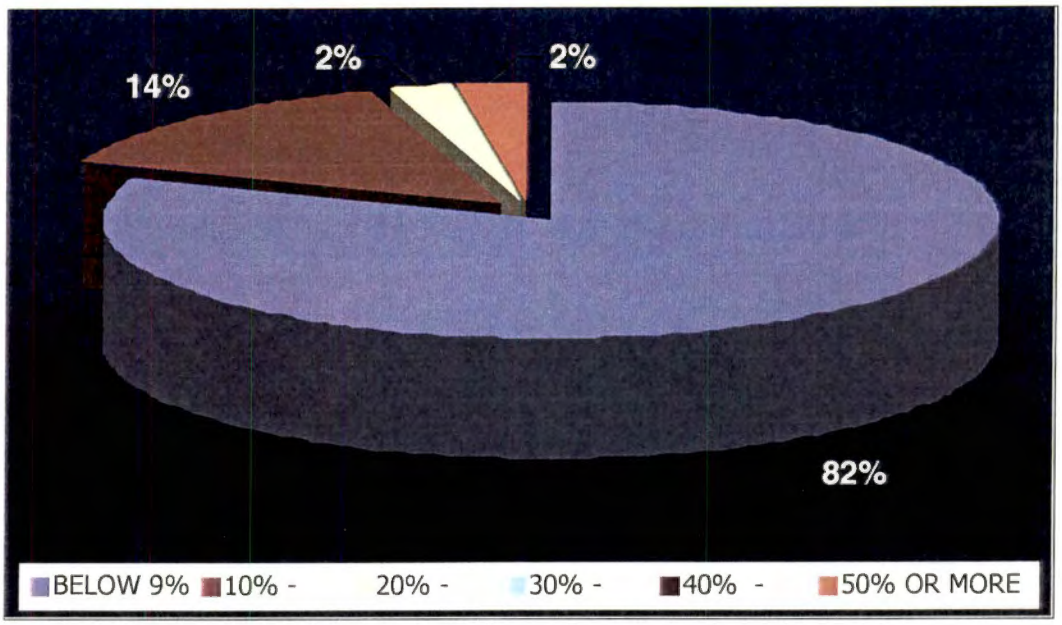


Figure 17 Breakdown of the Percentage Allocated for Internal Advertising

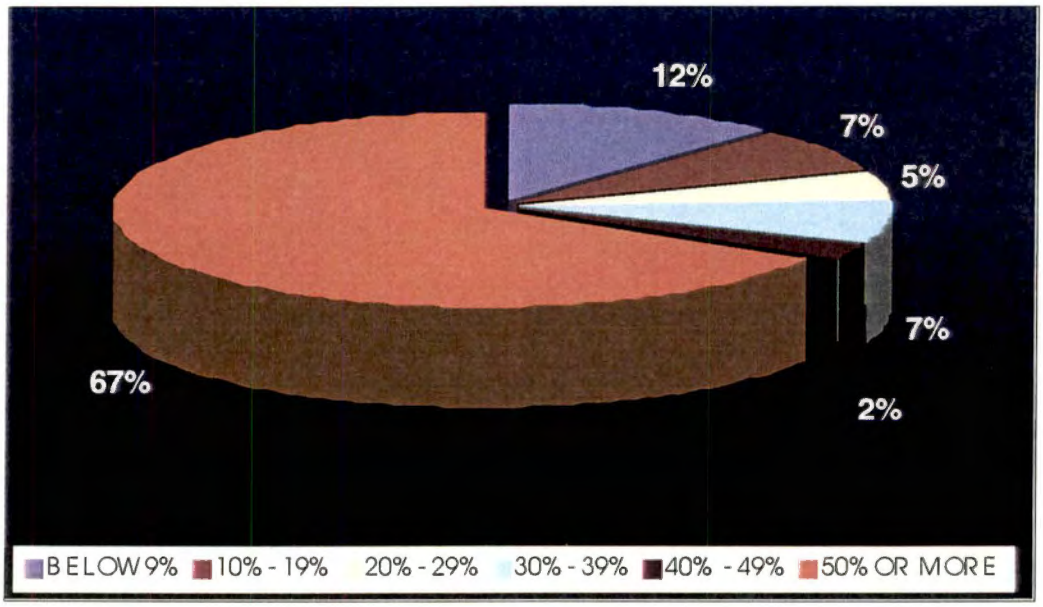


Figure 18 Breakdown of the Percentage Allocated to External Advertising

29%, 7.1% indicated 30% - 39%, 2.4% indicated 40% - 49%, and 66.7% indicated 50% or more.

Figure 19 shows that 28.6% of the hotels with MB indicated that business generated from travel intermediaries is below 9%. Fourteen point three percent indicated 10% - 19%, 35.7% indicated 20% - 29%, 7.1% indicated 30% - 39%, 9.5% indicated 40% - 49%, and 4.8% indicated 50% or more.

Lastly, Figure 20 shows that 52.4% of the hotels with MB indicated that the percentage of the marketing budget used for marketing / sales payroll expense is below 9%. Fourteen point three percent indicated 10% - 19%, 7.1% indicated 20% - 29%, 11.9% indicated 30% - 39%, 9.5% indicated 40% - 49%, and 4.8% indicated 50% or more.

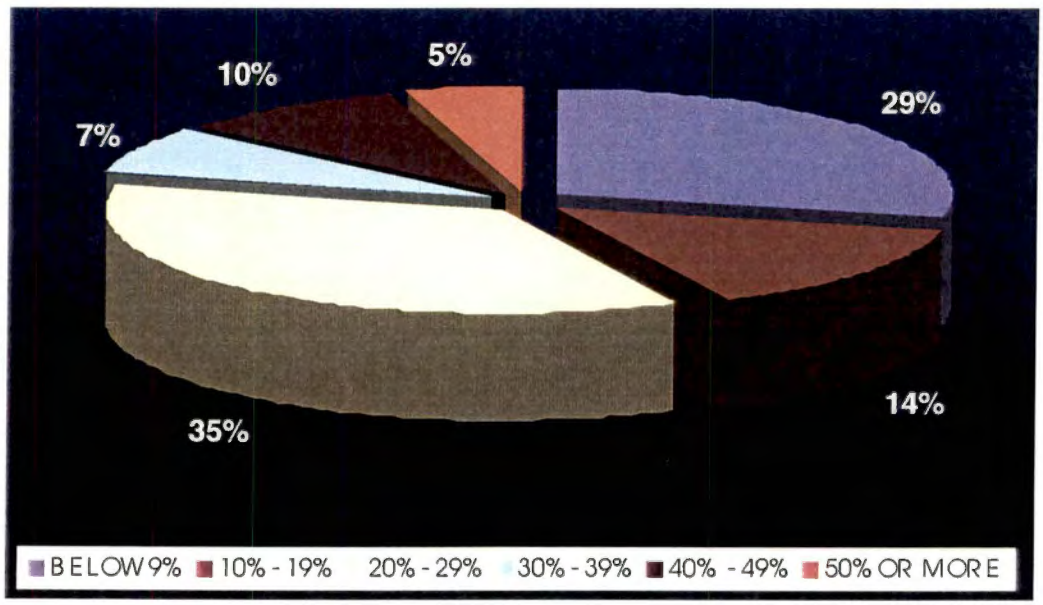


Figure 19 Breakdown of the Percentage of Business Generated from Travel Intermediaries

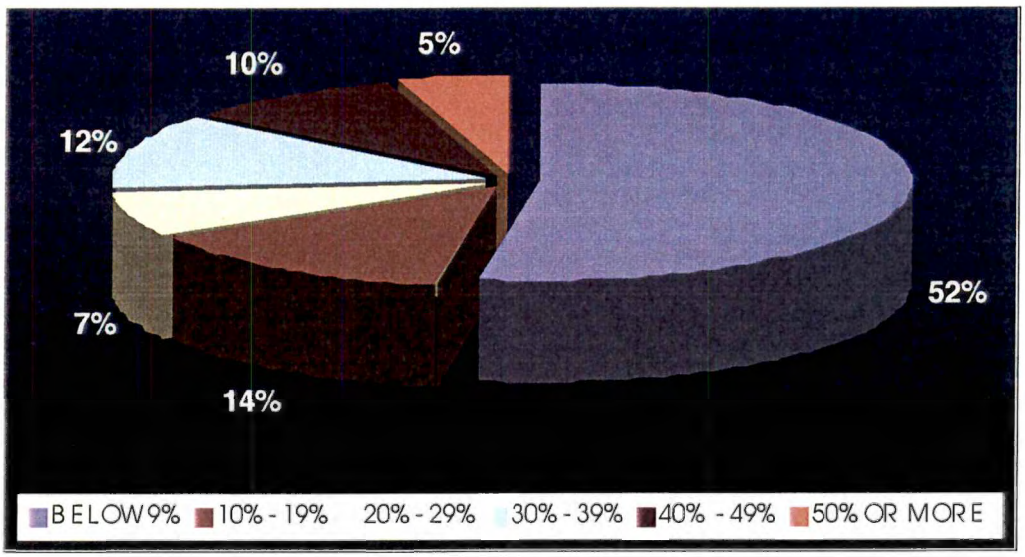


Figure 20 Breakdown of the Percentage of the MB used for MS Payroll Expense

Summary

The purpose of this research was to investigate if hotel operations that have marketing budgets have greater return than hotels that do not have marketing budgets. A Mann-Whitney test showed that there was a significant difference regarding gross sales between hotels that had marketing budgets and those that did not have marketing budgets. In addition, a Mann-Whitney test also showed a significant difference with regards to ADR between hotels that had MB and those that did not have a MB. A Mann-Whitney test did not show a significant difference with regards to OCC between hotels that had MB and those that did not have.

When looking specifically at hotels with MB, there was a significant correlation between the GR and the MB of a hotel. In addition, there is a significant correlation between the GR and ADR. The research shows that for the years 1998 and 1997,

properties of 100 rooms or less with a MB demonstrated a higher operational performance in OCC (8.3% higher), ADR ($33 higher), and GR ($195,793 higher) than properties without a MB.

One hundred percent of hotels with a MB used percentage of anticipated sales and or objective – task as a method to determine the total marketing budget. In 61.9% of the hotels with a MB, the general manager is the one who determines the total marketing budget. In 66.7% of the properties with a MB, marketing / sales director determines the marketing / sales plan. Sixty-nine percent of the hotels with a MB spend 1 – 3 months developing the marketing and sales plan.

Ninety-eight percent of the hotels with a MB used an advertising plan and or percentage of marketing budget as criteria for determining the percentage of the marketing budget to actually allocate to advertising. Advertising effectiveness is measured by 64.3% of hotels with a MB by relating it to OCC.

Ninety point five percent of the hotels with a MB used print and or direct mail, internet, or billboards most often as a form of media. Fifty-four point eight percent of the properties with a MB indicated that the marketing / sales director determines media selection.

In 77.8% of the properties with a MB, a database was used for marketing purposes, but does not significantly affect GR, ADR or OCC. Eighty-three point nine percent of the hotels with a MB use the database for direct mail. Fifty-seven point one percent of the hotels use marketing research, and a significant differences was found among hotels with a MB that conduct MR versus those hotels with a MB that did not conduct MR with regards to GR and OCC. One hundred percent of the time the

marketing and sales director and/or the general manager conducts that research. Ninety-five point eight percent of the time market segmentation and/or market needs identification marketing research is conducted.

CHAPTER V
CONCLUSIONS

Prior research in other specialties and fields (Cambell & Stanley, 1963; Banks, 1965; Raymond, 1966; Woodside, 1990; Caples, 1974; Donath, 1986; Eastlack & Rao, 1988, Tesler, 1962; Palda, 1964; and Peles, 1971) supports the major findings of this research that marketing budgets results in significantly increased return. Therefore, the researcher fails to reject hypothesis one (H1) that stated hotels with a MB have a greater GR than hotels without a MB. The researcher also fails to reject hypothesis two (H2) that stated hotels with a MB have a greater ADR than hotels without a MB. The researcher rejects the hypothesis three (H3) that stated hotels with a MB have a greater OCC than hotels without a MB. Before this study, hotel operators assumed that they were investing in their property by allocating funds for marketing and advertising. This research aids the industry in truly knowing the total impact that a MB can create for lodging operations.

The cause-effect relationship found in this research between MB and GR indicated that GR increases as MB increases. Please note that this research established a cause-effect relationship, however, other variables are present that this research did not include that effect the overall relationship. However, this does not mean that if hotels allocate ten times more to their MB that they will have a GR that is ten times greater. As the literature indicated, there are many factors that determine the GR, advertising and marketing is just one of many factors that contributes to the overall sales (Clarke, 1976). In addition, advertising must be a long-term investment, not a "quick-fix" (McCann et al., 1991). By allocating funds to advertising, hotels help create brand equity and awareness

for their property and or chain. Equity and awareness cannot be created overnight (Morgan, 1991).

Occupancy was used by 65.0% of the hotels in measuring the effectiveness of the advertising dollar, however, this research did not find a significant difference between OCC and GR of hotels with or without a MB to support this decision. This does not mean that this is an inappropriate measuring tool for measuring marketing effectiveness, this research just suggests that it should be used with caution and in conjunction with other indicators such as GR that proved to be significant. Since advertising's affect may have delayed results, most often it is difficult to find whether an increase in occupancy is due to advertising. As Morgan (1991) found, advertising helps create top-of-the-mind awareness. Most transient and leisure travelers are not concerned with lodging advertising until a need is present. Advertising keeps a hotel's name before potential guests in hope of receiving patronage when the correct time arrives.

Another conclusion of this research is the fact that hotels with a MB have a significantly higher ADR than those hotels that did not have a MB; as ADR increases, GR increases. According to this research, advertising can be considered a driving force that helps hotels increase ADR. One potential reason might be the fact that advertising can create an image in the mind of consumers that results in increased rates, and as result, increased ADR (Morgan, 1991).

This research indicates that the role of general manager (GM) extends beyond the bounds of operations and involves knowledge of advertising and marketing. The research shows that the GM plays an intricate role in (1) determining the amount of the MB, (2) developing the sales plan, (3) determine media selection and (4) conducting MR.

Though it is expected that the GM have a hand in the decisions that are made related to marketing, it is frequently overlooked that often the GM is the one actually making all the decisions related to marketing and advertising. Perhaps this could be a reason why more hotels do not have a MB or invest in advertising, because the GM's do not have the time. Granted, this is a myopic excuse on the managers' part, but most likely would prove to be true in most instances.

This research also indicates that the education level attained by general managers is not a significant issue when comparing the GR, ADR, and OCC of general manager with a bachelor's degree and without an bachelor's degree. Although a difference was not indicated in this research, this does not mean that a difference does not exist. In addition, other variables should be used, such as industry experience or training programs attended, in order to obtain a complete picture of the differences that exist or do not exist between general manager with or without bachelor's degrees.

Other variables that demonstrated a poor significance in this research were property affiliation, age of property, and location of the property. Many assume that properties that are affiliated with a franchise or chain have a higher GR, ADR, or OCC because of national affiliation. This research does not support that theory, however, but it does not mean that this theory is incorrect. This research examined a segment of the United States that may not have been representative of other regions across the US. Chain and independent hotels both can obtain success from advertising. Market research, which a powerful and costly tool, is available to both types of hotels. Unfortunately, larger businesses are typically the ones that can afford to conduct the research properly.

Print media remains the media favored by most hotels. Forty-one point five percent of all the hotels indicated that print was used the most. In addition, print consumed 58.2% of the advertising budget. Due to the intangibility of the product and the information-centered ads, perhaps print is still the best choice for lodging operations. The Internet, however, is showing promising signs as the media of choice for the future with 19.5% of the hotels using it most often. The Internet also accounts for 20.0% of the total advertising budget. Time will only tell of the endless possibilities that this media is projected produce.

Finally, hotels that conduct market research have significantly higher GR than those that do not conduct MR. A possible explanation is that hotels can better understand marketing opportunities and problems, generate, refine or evaluate marketing actions, monitor marketing performance and improve understating of marketing process by conducting market research.

Limitations

The first limitation of this study was the low response rate generated. Though a 15% response rate is considered average for lodging research, (Goffe, 1986; Morgan, 1991) the number of responses in some states was not high enough to make inferences of a specific region without more data.

Another limitation of this study is the period in which the study was conducted. The data collection took place during the latter part of November 1998 and the month of December 1998. This is a peak season for many resorts in Florida, a state that represented 30% of the sample. In addition, many hotels were busy with Christmas

functions and parties for the local community. It was very challenging to initiate interest and participation of this type of research during such a busy and demanding period.

Lastly, questions in the survey were directed towards GR and spending levels of different marketing activities. This might have hindered many properties from completion the survey because the parent company or owner restricted the disclosure of such information.

Summary

The purpose of this research was to investigate if hotels with a MB have greater return than those that do not have a MB. Furthermore, this research examined relationships that existed between key variables and the GR of hotels. The results of this study indicate that hotels with a MB have a significantly higher GR and ADR than hotels that do not have a MB. Ideally, this research will aid hotel operators in understanding the total impact that advertising and marketing can create for hotels. This study should stand as a building block to better understand and respond to the concerns and needs of marketing and advertising in lodging operations.

Understanding advertising and marketing effects is imperative. If myopic hotel operators cannot realize the benefit that marketing brings, then they must be prepared for the consequences that lie ahead in the future. It should be the commitment of hospitality associations, publications, and universities to educate hotel operators of the impact of marketing and advertising.

Certainly, marketing and advertising is one of the most important components of lodging operations. If this area is deficient, the hotel most likely cannot survive, unless in

favorable conditions. For hotels to be successful, all forms of marketing must be integrated into the mission, vision, and values of each lodging establishment.

Hopefully, this study will add some value to the literature that is already available in the impact of advertising. It was the goal of this researcher to affect fundamental change in the way lodging operations approach marketing and advertising. The future of lodging depends greatly upon the integration, involvement, and induction of marketing and advertising in lodging operations.

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APPENDICES

Appendix A

A QUESTIONNAIRE: IMPACT OF ADVERTISING ON LODGING OPERATIONS

PLEASE CHECK (✓) THE APPROPRIATE ANSWER(S).

1 - Does your hotel currently use a marketing budget?

☐ YES ☐ NO

IF YOUR ANSWER TO QUESTION # 1 WAS "YES", PLEASE GO TO QUESTION # 3.
IF YOUR ANSWER TO QUESTION # 1WAS "NO", PLEASE CONTINUE ON TO QUESTION #2.

2 - Does your hotel plan to develop a marketing budget in 1999?

☐ YES ☐ NO

IF YOUR ANSWER TO QUESTION # 2 WAS "YES", PLEASE CONTINUE ON TO QUESTION # 2.
IF YOUR ANSWER TO QUESTION # 2 WAS "NO", PLEASE GO TO QUESTION # 32.

3 - What method determines the amount of the total marketing budget? Please check all that apply.

☐ OBJECTIVE-TASK
☐ MAXIMUM AFFORDABLE AMOUNT
☐ PERCENTAGE OF LAST YEAR'S SALES
☐ PERCENTAGE OF ANTICIPATED SALES
☐ SAME AS PREVIOUS YEAR
☐ OTHER - please specify _____

4 - Who determines the amount of the total marketing budget? Please check all that apply.

☐ GENERAL MANAGER
☐ MARKETING / SALES MANAGER
☐ FRANCHISER / OWNER
☐ CORPORATE OFFICE
☐ ADVERTISING AGENCY
☐ OUTSIDE CONSULTANT
☐ OTHER - please specify _____

5 - Who develops your marketing and sales plan? Please check all that apply.

☐ MARKETING DIRECTOR
☐ MARKETING DEPARTMENT
☐ MARKETING CONSULTANT(S)
☐ CORPORATE OFFICE
☐ ADVERTISING AGENCY
☐ OUTSIDE CONSULTANT
☐ OTHER - please specify _____

6 - How much preparation time is given to develop your hotel's marketing and sales plan?

☐ 1 - 3 MONTHS
☐ 4 - 6 MONTHS
☐ 7 - 9 MONTHS
☐ 10 - 12 MONTHS
☐ MORE THAN 12 MONTHS

7 - What percentage of your total Marketing and Sales budget is actually allocated to advertising?
(The Marketing and Sales budget includes all departmental expenses plus public relations, promotions, market research, travel, and advertising expenses.)

☐ LESS THAN 9%
☐ 10% - 19%
☐ 20% - 29%
☐ 30% - 39%
☐ 40% - 49%
☐ MORE THAN 50%

8 - How much does your hotel spend per available room on marketing? (Available rooms is number of rooms * 365 days)

☐ LESS THAN $2.99
☐ $3.00 - $3.99
☐ $4.00 - $4.99
☐ $5 00 - $5 99
☐ $6.00 - $6 99
☐ MORE THAN $7.00

9 - What is the criteria for determining what percentage of the marketing budget is actually allocated to advertising itself? Please check all that apply.

☐ ADVERTISING PLAN
☐ PERCENTAGE OF MARKETING BUDGET
☐ INTUITION
☐ LAST YEAR'S ALLOCATION
☐ OTHER - please specify _____

10 - Which market segments does your hotel target? Please rank 1 thru 7 (1 = high , 7 = low).

☐ INDIVIDUAL BUSINESS TRAVELER
☐ GROUP / CONVENTION
☐ SENIOR
☐ FAMILIES
☐ LEISURE
☐ COUPLES
☐ OTHER - please specify _____

11 - In the past year, how often was advertising successful in reaching the primary target market?

- ☐ NEVER
- ☐ RARELY
- ☐ SOMETIMES
- ☐ ALMOST ALWAYS
- ☐ ALWAYS
- ☐ NO BASIS FOR ASSESSMENT

12 - How do you measure the effectiveness of your advertising dollar? Please check all that apply.

- ☐ INCREASE IN OCCUPANCY RATE
- ☐ INCREASE IN GUEST COUNT
- ☐ INCREASE IN REVENUE
- ☐ COUPONS COLLECTED
- ☐ INCREASE IN REPEAT BUSINESS REFERRALS
- ☐ INCREASE FROM TRAVEL INTERMEDIARIES
- ☐ ALL OF THE ABOVE
- ☐ OTHER - please specify _____

13 - Which market segments show the greatest response from your advertising in the past year? Please rank 1 thru 7 (1 = high, 7 = low).

- ☐ INDIVIDUAL BUSINESS TRAVELER
- ☐ GROUP / CONVENTION
- ☐ SENIOR
- ☐ FAMILIES
- ☐ LEISURE
- ☐ COUPLES
- ☐ OTHER - please specify _____

14 - Which forms of media were used most within the past year? Please rank 1 thru 10 (1 = most used and 10 = least used).

- ☐ PRINT
- ☐ TELEVISION
- ☐ RADIO
- ☐ NEWSPAPERS
- ☐ MAGAZINES
- ☐ FRANCHISE / OWNER
- ☐ INTERNET
- ☐ YELLOW PAGES AND DIRECTORIES
- ☐ BILLBOARDS
- ☐ PROFESSIONAL JOURNALS
- ☐ OTHER - please specify _____

15 - Who determines media selection? Please check all that apply.

- ☐ GENERAL MANAGER
- ☐ MARKETING / SALES DIRECTOR
- ☐ MARKETING / SALES EXECUTIVE
- ☐ FRANCHISE / OWNER
- ☐ ADVERTISING AGENCY
- ☐ OUTSIDE CONSULTANT
- ☐ OTHER - please specify _____

16 - Approximately, what percentage of your hotel's advertising budget is used by for each media? (Amount of marketing budget allocated only for advertising)

a. PRINT % _____
b. TELEVISION % _____
c. OTHER - please specify _____
d. INTERNET % _____
e. RADIO % _____
% _____

17 - Does your hotel maintain an up-to-date guest history database for marketing purposes?

- ☐ YES
- ☐ NO

IF YOUR ANSWER TO QUESTION # 17 WAS "YES", PLEASE CONTINUE ON TO QUESTION # 18.
IF YOUR ANSWER TO QUESTION # 17 WAS "NO", PLEASE GO TO QUESTION # 19.

18 - How is the database information used by your hotel? Please check all that apply.

- ☐ DIRECT MAIL
- ☐ TELEPHONE SELLING
- ☐ PERSONAL SELLING
- ☐ MEDIA SELECTION
- ☐ OTHER - please specify _____

19 - Record your hotel's approximate total marketing department budget for each of the years below.

a. 1998 - $ _____
b. 1997 - $ _____
c. 1996 - $ _____
d. 1995 - $ _____

20 - Record your hotel's approximate gross revenue for each of the years below.

a. 1998 - $ _____
b. 1997 - $ _____
c. 1996 - $ _____
d. 1995 - $ _____

21 - Does your hotel use market research to identify market segments, competitors, consumer needs etc...

- ☐ YES
- ☐ NO

IF YOUR ANSWER TO QUESTION # 21 WAS "YES", PLEASE CONTINUE ON TO QUESTION # 22.
IF YOUR ANSWER TO QUESTION # 21 WAS "NO", PLEASE GO TO QUESTION # 24.

22 - Who conducts the market research for your hotel? Please check all that apply.

- ☐ GENERAL MANAGER
- ☐ MARKETING / SALES DIRECTOR
- ☐ MARKETING / SALES EXECUTIVES
- ☐ FRANCHISE / OWNER
- ☐ ADVERTISING AGENCY
- ☐ OUTSIDE CONSULTANT
- ☐ OTHER - please specify _____

23 - What type of market research is conducted? Please check all that apply.

- ☐ CONSUMER PROFILE
- ☐ MARKET NEEDS IDENTIFICATION
- ☐ MARKET SEGMENTATION
- ☐ MARKET EFFORT EVALUATION
- ☐ MARKETING AUDIT
- ☐ SALES ANALYSIS
- ☐ PRICING RESEARCH
- ☐ OTHER - please specify _____

24 - What percentage of your advertising budget is targeted to stimulate Food & Beverage sales?

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% OR ABOVE
- ☐ NOT APPLICABLE

25 - What percentage of your advertising budget is targeted to stimulate Room sales?

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% - 49%
- ☐ 50% OR ABOVE

26 - What percentage of your advertising budget is targeted to stimulate Convention sales?

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% OR ABOVE
- ☐ NOT APPLICABLE

27 - How many employees, excluding the marketing director and secretaries, work in your hotel's marketing department?

- ☐ LESS THAN 2
- ☐ 3 - 4
- ☐ 5 - 7
- ☐ 8 - 10
- ☐ 11 - 15
- ☐ MORE THAN 16

28 - What percentage of your hotel's advertising budget is spent on internal advertising? (Internal advertising includes signs , table tents, poster etc...)

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% - 49%
- ☐ 50% OR MORE

29 - What percentage of your hotel's advertising budget is spent on external advertising? (External advertising includes radio, television, newspaper, magazines, internet directories etc...)

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% - 49%
- ☐ 50% OR MORE

30 - What percentage of your business is generated from Travel Agents and Travel Intermediaries?

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% - 49%
- ☐ 50% OR MORE

31 - What percent of your hotel's marketing budget is used for marketing / sales payroll expenses?

- ☐ BELOW 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% - 49%
- ☐ 50% OR MORE

PLEASE COMPLETE THE FOLLOWING QUESTIONS REGARDING THE HOTEL

32 - What is the size of your property?

TOTAL NUMBER OF ROOMS _____
STANDARD ROOMS _____
BUSINESS SUITES _____
OTHER - please specify _____

33 - How old is your property?

- ☐ 1 - 5 YEARS
- ☐ 6 - 10 YEARS
- ☐ 11 - 15 YEARS
- ☐ 16 - 20 YEARS
- ☐ 21 YEARS OR MORE

34 - Where is your hotel located?

CITY - _____ ZIP CODE - _____

STATE - _____

35 - How many employees does your hotel currently have on the payroll?

- ☐ LESS THAN 25 EMPLOYEES
- ☐ 26 - 50 EMPLOYEES
- ☐ 51 - 100 EMPLOYEES
- ☐ 101 - 200 EMPLOYEES
- ☐ 201 - 300 EMPLOYEES
- ☐ MORE THAN 301 EMPLOYEES

36 - What is your hotel's affiliation?

- ☐ FRANCHISE
- ☐ INDEPENDENT
- ☐ CONSORTIA
- ☐ OWNER MANAGED
- ☐ MANAGEMENT CONTRACT
- ☐ OTHER - please specify _____

37 - What facilities does your property offer to guests? Please check all that apply.

- ☐ WORKOUT FACILITIES
- ☐ POOL / SPA
- ☐ BUSINESS OFFICE
- ☐ MEETING ROOMS
- ☐ BANQUET HALL
- ☐ LOUNGE
- ☐ BAR(S) #_____
- ☐ RESTAURANT(S) #_____
- ☐ SALON
- ☐ GOLF COURSE
- ☐ ARCADE ROOM
- ☐ ICE CREAM PARLOR
- ☐ HORSEBACK RIDING
- ☐ NIGHT CLUB
- ☐ SOUVENIR SHOP
- ☐ COFFEE SHOP
- ☐ TENNIS COURT
- ☐ FLORIST
- ☐ OTHER - please specify _____

38 - Where is your hotel located?

- ☐ DOWNTOWN
- ☐ SUBURB
- ☐ INTERSTATE
- ☐ AIRPORT
- ☐ URBAN
- ☐ OTHER - please specify _____

39 - Record your hotel's approximate average daily rate for the following years.

a. 1998 - $_____ c. 1996 - $_____

b. 1997 - $_____ d. 1995 - $_____

40 - Record your hotel's approximate average occupancy percentages for the following years.

a. 1998 - %_____ c. 1996 - %_____

b. 1997 - %_____ d. 1995 - %_____

41 - Record your hotel's approximate rack rate for the corresponding rooms in your hotel?

a. SINGLE - $_____ d. KING - $_____

b. DOUBLE - $_____ e. EXECUTIVE SUITE - $_____

c. OTHER - please specify - _____ $_____

PLEASE COMPLETE THE FOLLOWING QUESTIONS REGARDING YOURSELF

42 - Please specify your position within the hotel.

- ☐ GENERAL MANAGER
- ☐ MARKETING DIRECTOR
- ☐ OTHER - please specify _____

43 - Please specify the number of years you have held this position

- ☐ LESS THAN 3 YEARS
- ☐ 4 - 6 YEARS
- ☐ MORE THAN 6 YEARS

44 - Please indicate your level of education.

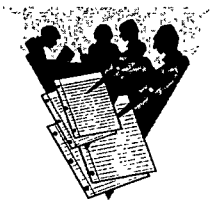
DEGREE COMPLETED ☐ BELOW BACCALAUREATE ☐ BACCALAUREATE ☐ ABOVE BACCALAUREATE

MAJOR(S) _____ YEAR COMPLETED _____

THANK YOU FOR COMPLETING THE SURVEY!

Appendix B

THE UNIVERSITY OF TENNESSEE
KNOXVILLE



Hotel and Restaurant Administration
230 Jessie Harris Building
1215 West Cumberland Avenue
Knoxville, Tennessee 37996-1900
(423) 974-4357
FAX (423) 974-5236

IMPACT OF ADVERTISING ON LODGING OPERATIONS

Dear Hospitality Industry Leader,

This research project is conducted by a Master's Candidate in the Hotel and Restaurant Administration (HRA) program at the University of Tennessee, Knoxville. Your responses are completely confidential and are only considered for the purposes of this particular research. This is only a pilot-test. There will be no analysis of data, and your responses will never be used in publication or in any arena other than this research.

Your input as a leader in our field is invaluable. This survey serves as an opportunity for you to share your experience, insight, and expertise. I understand the time constraints and demands of your hectic schedule. However, I urge you to take fifteen minutes of your time to complete the questionnaire. By participating, you will not only be helping an HRA graduate student fulfill college requirements, but you will be furthering the interests and knowledge base of the hospitality industry. Your expertise will serve to quantify basic assumptions regarding our field. Complete and accurate information is needed for this research to be affective. Your participation in this study is highly appreciated.

Please return the questionnaire in the enclosed, postage paid envelope no later than midnight November 12, 1998. If you have access to the Internet, the survey may alternatively be completed on-line at the following address < http://web.utk.edu/~jr24601/survey.html >. If you anticipate needing more time, please call me at 423-946-8873 or e-mail a message to jr24601@utk.edu. Also, if you have any questions about the survey itself, please contact me for clarification. The purpose of this pilot-test is to find potential problems and/or areas that need correction on the survey. Please circle or mark any of these areas that you find confusing or inaccurate.

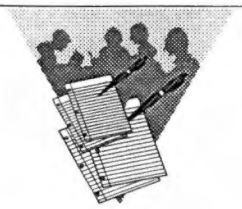
Sincerely,

James Robinson

James W. Robinson
BS, Johnson & Wales University, Providence
MS Candidate, University of Tennessee, Knoxville

Appendix C

THE UNIVERSITY OF TENNESSEE
KNOXVILLE



Hotel and Restaurant Administration
230 Jessie Harris Building
1215 West Cumberland Avenue
Knoxville, Tennessee 37996-1900
(423) 974-4357
FAX (423) 974-5236

IMPACT OF ADVERTISING ON LODGING OPERATIONS

Dear Hospitality Industry Leader,

This research project is conducted by a Master's Candidate in the Hotel and Restaurant Administration (HRA) program at the University of Tennessee, Knoxville. The objective of this study is to measure the impact of advertising on lodging operations in the southeast. Your responses are completely confidential and are only considered for the purposes of this particular research.

Your input as a leader in our field is invaluable. This survey serves as an opportunity for you to share your experience, insight, and expertise. I understand the time constraints and demands of your hectic schedule. However, I urge you to take fifteen minutes of your time to complete the questionnaire. By participating, you will not only be helping an HRA graduate student fulfill college requirements, but you will be furthering the interests and knowledge base of the hospitality industry. Your expertise will serve to quantify basic assumptions regarding our field. *Complete* and *accurate* information is needed for this research to be affective. Your participation in this study is highly appreciated.

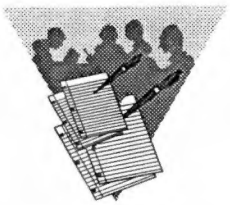
Please return the questionnaire in the enclosed postage paid envelope, and deposit it in the mail. If you have access to the Internet, the survey may alternatively be completed on-line at the following address < **http://web.utk.edu/~jr24601/survey.html** >. If you anticipate needing more time, please call me at 423.946.8873 or e-mail a message to < **jr24601@utk.edu** >. Also, if you have any questions about the survey itself, please contact me for clarification. Participation in this study is completely voluntary. The return of a completed survey will be considered your informed consent to the use of the data in any reports or published articles. Thank you for your cooperation.

Sincerely,

James W. Robinson
BS, Johnson & Wales University, Providence
MS Candidate, University of Tennessee, Knoxville

Appendix D

THE UNIVERSITY OF TENNESSEE
KNOXVILLE



Hotel and Restaurant Administration
230 Jessie Harris Building
1215 West Cumberland Avenue
Knoxville, Tennessee 37996-1900
(423) 974-4357
FAX (423) 974-5236

December 11, 1998

IMPACT OF ADVERTISING ON LODGING OPERATIONS

Dear Hospitality Industry Leader,

This letter is in reference to the survey you should have received two weeks ago. Your input as a leader in our field is invaluable. This survey serves as an opportunity for you to share your experience, insight, and expertise.

I understand the time constraints and demands of your hectic schedule. In addition, I understand that completing a survey is not high on your priority list. However, I urge you to take fifteen minutes to complete the survey and mail it back in the self-address stamped envelope that was previously provided. A number of other managers just like yourself have returned their survey, but a higher percentage of surveys is needed in order to generate significant and meaningful results.

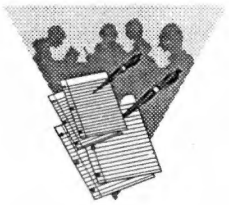
If you did not receive or cannot presently locate the survey, please contact me post haste at 423.946.8873 or jr24601@utk.edu so that I can send you the necessary package. If you would like to complete the survey safely and quickly on the Internet please visit the site located at http://web.utk.edu/~jr24601/survey.html. If you have returned the survey, please allow me to extend my deepest gratitude for your time and consideration. Together, we can build a stronger force to meet the challenges that lie ahead for our industry in the 21st century. Thank you for your time and I look forward to your prompt response.

Sincerely,

James W. Robinson
BS, Johnson & Wales University, Providence
MS Candidate, University of Tennessee, Knoxville

Appendix E

THE UNIVERSITY OF TENNESSEE
KNOXVILLE



Hotel and Restaurant Administration
230 Jessie Harris Building
1215 West Cumberland Avenue
Knoxville, Tennessee 37996-1900
(423) 974-4357
FAX (423) 974-5236

December 18, 1998

IMPACT OF ADVERTISING ON LODGING OPERATIONS

Dear Hospitality Industry Leader,

I realize this is the third time you have heard from me and I have taken more than enough of your time. But information regarding your property is crucial if the analysis of the data is to have any meaning. Your operation was selected from a distinctive group of properties in the region. Failure to respond could potentially hurt the southeast region of hotels.

This research project was funded by a meager monetary amount resulting in a small sample size. I have taken more than 100 hours of my own time to complete the review of literature to validate this research, develop the questionnaire, and send three mailings to your operation, the *least* you can do is take 15 minutes to help me with this research project. If you cannot find the time to complete the survey yourself, please locate someone in your operation to complete the questionnaire. Please return the questionnaire post haste in the envelope previously provided so I may begin data analysis.

If you did not receive or cannot presently locate the survey, please contact me at 423.946.8873 or jr24601@utk.edu so that I can send you the necessary package. If you would like to complete the survey safely and quickly on-line please visit the site located at http://web.utk.edu/~jr24601/survey.html. If you have returned the survey, please allow me to extend my deepest gratitude for your time and consideration. Together, we can build a stronger force to meet the challenges that lie ahead for our industry in the 21st century. Thank you for your time and I look forward to your prompt response.

Sincerely,

James W. Robinson
BS, Johnson & Wales University, Providence
MS Candidate, University of Tennessee, Knoxville

VITA

James Wesley Robinson was born and raised in Murfreesboro, Tennessee and graduated Oakland High School in 1994. Upon completion of high school, James attended The National Center for Hospitality Studies at Sullivan College in Louisville, Kentucky, where he completed two degrees; an Associate of Science degree in Hotel and Restaurant Management and an Associate of Science Degree in Culinary Arts Management. He later completed his Bachelor of Science degree in Hotel and Restaurant Institutional Management at Johnson & Wales University in Providence, Rhode Island. In 1999, James completed his Master of Science Degree in Recreation, Tourism, and Hospitality Management with a minor in advertising.

Mr. Robinson worked for a number of hospitality organizations during his college career including: H.R.H. Dumplins; Hampton Inn, Louisville; Mamma Grisanti's; Resort Recreation and Tourism Management; the Providence Biltmore – A Grand Heritage Hotel; and Cozymel's. Future plans include hospitality management and marketing.