

7-022

E218

01171271

~~7-022~~

MAY 19 1960

650

ABSTRACT

CORRELATES OF SUCCESS IN CONVENTION PROPERTIES: AN EMPIRICAL STUDY

by

Philip R. Tyler

Businessmen approach their decisions and action with a conceptual framework. The conceptual frameworks change and the pattern of change is not without reason. Illustrative are constructs in the American manufacturing experience associated with the financial, production, human relations, and marketing orientations.

A selective review of the literature of the lodging industry for the decade of the sixties reveals a lag, when contrasted with manufacturers, in development of new conceptual frameworks. A notable trend in this literature is the increasing presence of a marketing orientation. It becomes clear that this orientation is relatively new in the hotel industry.

The problem of this investigation was to determine what factors are associated with success in convention properties. The central hypothesis of the study is: the employment of the marketing philosophy, and the innovation inherent therein, correlates with success in a hotel's convention business.

The study was conducted in a convention capital,

Chicago, Illinois. The twelve properties studied housed 97% of the conventions, and 99% of attendance listed in the Chicago Convention Bureau's publication "1969 Convention Dates".

Personal interviews were held with the Director of Sales and the General Manager of each property. An effort was made to keep the interview as conversational and natural as possible. The interviewer probed in-depth to encourage detailed and accurate responses. Interviews were tape recorded and transcribed. The interview schedules were constructed to generate information about: the executives' philosophy of business, their approach to business, their aggressiveness, their vision, and their sensitivity to change.

Responses to each question were assembled and content analyzed. Instruments were developed to evaluate the executives' responses and each hotel was ranked by its score on each variable.

The basic thrust of the analysis was to establish the presence of relationships between each of the independent variables and the dependent variable. The dependent variable (success) is defined as room revenue per available room. The intent was to study the association of each variable and combination of variables with the success of hotels so that predictions could be made at a directional level about the relative success potential of hotels. Stepwise multiple regression analysis was used with a zero

order rho matrix as the starting point.

The results of this study suggest a direct relationship of innovation, the marketing philosophy, and a future orientation with success. Specific areas meriting executive evaluation and further research were developed. Further, a number of possible executive action implications were suggested.

The one variable found to be most closely associated with success is innovation ($\gamma = .85$). The innovation index employed rewarded aggressive innovation more highly than a follower type innovation. Conceptual innovation was rewarded more than gadget type innovation. A planned, programmed approach to innovation was also highly rewarded. A program of "gap-perception" is suggested as an application of this finding.

The findings suggest an interrelationship of the marketing philosophy and success. This philosophy is a specific attitude or frame of mind--a framework for thinking and doing--characterized by seeking to satisfy customers' wants and needs while meeting the firm's (hotel's) objectives. A procedure called successive focusing is suggested as an application of this finding. This procedure is one in which the executive focuses first on a systemic "satisfier" (motivator) type of customer want (e.g. a successful meeting) and then on operationalizing to generate customer satisfying action (e.g. rapid check-in and appropriate audio-visual equipment).

The findings also indicate that the hotel management body should actively evaluate and plan for the future of their property, and the lodging industry. The seven variables which have the greatest mutual variation with success include five of the seven variables in the study that have futuristic implications.

CORRELATES OF SUCCESS
IN CONVENTION PROPERTIES: AN EMPIRICAL STUDY

By

Philip Russell Tyler

A THESIS

Submitted to

Michigan State University

in partial fulfillment of the requirements

for the degree of

DOCTOR OF BUSINESS ADMINISTRATION

Department of Marketing and Transportation Administration

1972

00000

© Copyright by

PHILIP RUSSELL TYLER

1972

TO CAROL
- because -

ACKNOWLEDGMENTS

Several people have made valuable contributions to this study. Their efforts and cooperation are sincerely appreciated.

Dr. William Lazer, Chairman of the dissertation committee, made several particularly valuable contributions. His guidance throughout the study is gratefully acknowledged.

Committee members Dr. Frank Borsenik and Dr. W. J. E. Crissy made a number of helpful and constructive suggestions.

Professor Henry O. Barbour played a vital role in the format and support of the study.

Mr. Arnold F. Karr, Secretary of the Greater Chicago Hotel and Motel Association made helpful suggestions and was instrumental in contacting and encouraging the cooperation of the hotel executives who participated in the study.

Mr. William H. Edwards, Vice-President and General Manager of the Palmer House (and former President of the Greater Chicago Hotel and Motel Association), and Mr. Gerald Sanderson, Executive Director of the Chicago Convention Bureau made several useful contributions to the structure of the study.

Dr. Jerry D. Young, Dean of the College of Business at the University of Alabama, and former Dean of the

College of Business at Rochester Institute of Technology, and Mr. Dale Gibson, Acting Dean of the College of Business at Rochester Institute of Technology provided cooperation and assistance in the completion of the study.

Dr. Lyndon Goodridge of the College of Business at Rochester Institute of Technology, made valuable contributions to the methodology and analysis.

Of course, each of the hotel executives who participated in the study and who were most generous with their time and effort made vital contributions to the success of the study.

Mr. Richard K. Rodgers and Mr. Robert Julianio provided valuable insight to the Chicago hotels and made many useful suggestions.

Cooperation and skillful transcription and typing were provided by Mrs. Lillyan Fahy, Mrs. Susan Scondras, and, in particular, by Miss Anne Slaight.

Of signal importance to the completion of the study was the assistance and encouragement of my wife, Carol, to whom this work is dedicated. Our children Lance and Kristin have contributed in their own special and cherished way.

TABLE OF CONTENTS

	<u>Page</u>
LIST OF TABLES	ix
LIST OF FIGURES	xii
CHAPTER I INTRODUCTION	1
Background	
Changing Conceptual Frameworks for Business Decisions	1
Conceptual Frameworks in the Hotel Industry	2
A Focus on the Convention Market . .	2
Synthesis.	4
Problem Statement	5
Hypotheses.	6
Method of Investigation	8
Limitations of the Study.	12
Terms and Definitions	13
Anticipated Contributions	15
Organization of the Study	16
CHAPTER II SELECTED LITERATURE REVIEW AND THE DEVELOPMENT OF OPERATING PHILOSOPHIES OF THE HOTEL INDUSTRY	
Purpose	18
Marketing and the Marketing Philosophy in the Hotel-Motel Industry	18
A Closer Look at Customer Wants and Needs	27
"Cookbooks".	35

	<u>Page</u>
Feasibility Studies	38
Illustrations of Marketing Concepts . . .	40
A Focus on Chicago Hotels	47
Some Historical Hotel Innovations	49
Innovation in Facilities.	51
The Computer.	53
A Changing Orientation.	60
The Learning Center	64
Resorts.	66
Airports and Hotels.	69
The Environment and the Future.	73
<u>Operation Breakthrough</u>	77
Summary and Conclusions	82
 CHAPTER III RESEARCH METHODOLOGY	
Introduction.	84
Sample Selection.	84
Interview Schedule Administration	85
Interview Schedule Construction	89
Definition and Scoring of the Dependent and Independent Variables	92
The Dependent Variable	92
The Independent Variables.	93
Data Analysis	108
 CHAPTER IV DATA ANALYSIS	
Introduction.	111

	<u>Page</u>
Associations and Predictors - Directors of Sales.	112
Correlations of Independent Variables and Success.	116
Prediction	118
Associations and Predictors - General Managers.	123
Correlations of Independent Variables and Success.	128
Prediction	130
Associations and Predictors - Directors of Sales and General Managers Combined	136
Correlations of Independent Variables and Success - Base - Total Points	136
Prediction	139
Correlations of Independent Variables and Success - Base - Average Rank	144
Prediction	144
Summary	149
CHAPTER V MANAGEMENT AND RESEARCH IMPLICATIONS OF THE FINDINGS	
Introduction.	154
Summary of Associations	154
Variables with Highest Associations with Success.	156
Innovation.	156
The Marketing Philosophy.	160
Future Orientation.	166

	<u>Page</u>
Variables with Lesser Associations with Success.	168
Implications of Predictors.	171
Summary	172
CHAPTER VI SUMMARY AND CONCLUSIONS	
Introduction.	173
General Findings.	175
Suggestions for Additional Research . . .	177
Concluding Remarks.	182
BIBLIOGRAPHY	183
APPENDIX I DIRECTOR OF SALES INTERVIEW SCHEDULE (DSIS).	191
APPENDIX II GENERAL MANAGER INTERVIEW SCHEDULE (GMIS).	195
APPENDIX III CONFIDENTIAL DATA SHEET - TYLER CONVENTION STUDY.	198
APPENDIX IV INTRODUCTION LETTER - DIRECTOR OF SALES.	199
APPENDIX V INTRODUCTION LETTER - GENERAL MANAGER	200

LIST OF TABLES

	<u>Title</u>	<u>Page</u>
TABLE 4:1	RANKS OF DIRECTORS OF SALES	113
TABLE 4:2	RANKS OF DIRECTORS OF SALES (REMOVING HOTEL C)	115
TABLE 4:3	ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT VARIABLES WITH SUCCESS	117
TABLE 4:4	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN ALL CASES ARE INCLUDED (cf 4:1)	120
TABLE 4:5	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN ALL CASES ARE INCLUDED AND CMTYIN IS EXCLUDED	121
TABLE 4:6	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN HOTEL C IS EXCLUDED (cf 4:2)	122
TABLE 4:7	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN HOTEL C AND CMTYIN ARE EXCLUDED	124
TABLE 4:8	RANKS OF GENERAL MANAGERS	125
TABLE 4:9	RANKS OF GENERAL MANAGERS (REMOVING HOTEL K)	126
TABLE 4:10	RANKS OF GENERAL MANAGERS (REMOVING HOTELS C AND K)	127
TABLE 4:11	ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT VARIABLES WITH SUCCESS	129
TABLE 4:12	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN ALL CASES ARE INCLUDED (cf 4:8)	131
TABLE 4:13	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN ALL CASES ARE INCLUDED AND CMTYIN IS EXCLUDED	132

	<u>Title</u>	<u>Page</u>
TABLE 4:14	SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION WHEN HOTEL K IS EXCLUDED (cf 4:9)	134
TABLE 4:15	SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION WHEN HOTELS C AND K ARE EXCLUDED (cf 4:10)	135
TABLE 4:16	RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED - TOTAL POINTS - (HOTEL K NOT INCLUDED)	137
TABLE 4:17	RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED - TOTAL POINTS - (HOTEL K NOT INCLUDED; REMOVING HOTEL C)	138
TABLE 4:18	ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT VARIABLES WITH SUCCESS	140
TABLE 4:19	SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION WHEN HOTEL K IS EXCLUDED (cf 4:16)	141
TABLE 4:20	SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION WHEN HOTEL K AND CMTYIN ARE EXCLUDED	142
TABLE 4:21	SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION WHEN HOTELS C AND K ARE EXCLUDED (cf 4:17)	143
TABLE 4:22	SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION WHEN HOTELS C AND K AND CMTYIN ARE EXCLUDED	145
TABLE 4:23	RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED - RANK POINTS - (HOTEL K NOT INCLUDED)	146
TABLE 4:24	RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED - RANK POINTS - (HOTEL K NOT INCLUDED; REMOVING HOTEL C)	147
TABLE 4:25	ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT VARIABLES WITH SUCCESS	148

	<u>Title</u>	<u>Page</u>
TABLE 4:26	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN HOTEL K IS EXCLUDED (cf 4:23)	150
TABLE 4:27	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN HOTEL K AND CMTYIN ARE EXCLUDED	151
TABLE 4:28	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN HOTELS C AND K ARE EXCLUDED (cf 4:24)	152
TABLE 4:29	SUMMARY OF INCREASES IN MULTIPLE COR- RELATION USING STEPWISE REGRESSION WHEN HOTELS C AND K AND CMTYIN ARE EXCLUDED	153
TABLE 5:1	SUMMARY OF ZERO ORDER CORRELATIONS OF INDEPENDENT VARIABLES WITH SUCCESS	155

LIST OF FIGURES

	<u>Title</u>	<u>Page</u>
FIGURE 5:1	GAP ANALYSIS	159
FIGURE 5:2	THE MARKETING PHILOSOPHY IN ACTION	162
FIGURE 5:3	SUCCESSIVE FOCUSING	165

CHAPTER I

INTRODUCTION

BACKGROUND

Changing Conceptual Frameworks for Business Decisions

Businessmen approach their decisions and action with a conceptual framework. The conceptual frameworks change and the pattern of change is not without reason. Each framework is a product of its environment - economic, technological, political, cultural and social. Illustrative are constructs in the American manufacturing experience associated with the financial orientation, the production orientation, and the human relations orientation. Currently the marketing orientation evolved out of which has arisen the marketing philosophy.¹

The marketing orientation is basically an attitude or frame of mind. According to this philosophy the customer is one on whom the executive must focus and to whom he must adjust. The marketing philosophy acknowledges that the firm, as a whole, or as a system, should seek to satisfy the customer at a profit.²

¹See William Lazer and Philip R. Tyler, "Modern Marketing", Synopsis, March-April, 1970, pp. 37-47.

²Ibid.

An important aspect of the marketing philosophy is innovation. Because business environments are constantly changing, continuous business adjustments must be made. Thus, it is also desirable that firms have a planned or programmed approach to change. For it is only through such an approach that the benefits to be derived from change (innovation - see definitions, page 13) might be cultivated to the fullest.

Conceptual Frameworks in the Hotel Industry

A selective review of the literature of the lodging industry for the decade of the sixties (presented in Chapter II) reveals a lag, when contrasted with manufacturers, in development of new conceptual frameworks. The literature reflects some confusion as to an appropriate philosophical base. Production, sales, and marketing orientations are all in evidence.

A notable trend in this literature is the increasing presence of a marketing orientation. It becomes clear that this orientation is relatively new in the hotel industry.

A Focus on the Convention Market

The lodging industry's interest in the convention market was selected to provide a focus for this study. The hotel-motel industry has witnessed very significant growth in the convention-group market.

"Today, conventions are big business...a billion dollar industry without a smoke stack. (In 1965) over one and one quarter billion dollars was spent by some 10 million delegates attending over 20 thousand conventions, which is a lot of room rent, a lot of food and beverage business."³

More recently, it was written...

"The convention business in 1969 is a multi-billion dollar pie and every city that can get a slice of this competes for it earnestly. It's a business that brings to cities free spending visitors by the millions, provides a city's citizens with jobs, and enhances a city's reputation and - the real lure - fattens its pocketbook.

Americans are joiners and goers. Ministers and morticians, policemen, politicians and plumbers, professionals and businessmen, and fraternal organizations - all hold conventions or meetings. An estimated 6 billion dollars was spent on delegate transportation to and from meetings. And 1969 is expected to be an even bigger year."⁴

What does this business mean to an individual property or a chain?

"'It's our life blood' says one Hilton executive, who estimates that the chain as a whole derives about 35 per cent of its revenues from convention and group business. The share runs even higher, about 50 per cent, in the case of the two Chicago hotels, the Palmer House (which had revenues of 21 million dollars in 1959) and the Conrad Hilton (18 million). In New York the Waldorf (24 million) owes about 15 per cent of its business to conventions, and the Statler Hilton (15 million dollars) about

³Eugene Hosmer, Jr., "Conventionally Speaking", Hotel Bulletin, September, 1966, p. 12.

⁴"U. S. Conventions: Two Hundred Year Trend", Chicago Sunday Tribune, June 1, 1969.

25 per cent. These hotels - the chain's four largest - are enormously important in the Hilton scheme of things. Collectively they account for 35 per cent of revenues and profits...."5

The future relative importance of national conventions in hotel-motel revenues has been questioned, not without reason.

"The importance of regional and state group sales will supplant or supplement national conventions, for in many instances, these conventions have become too large for the participants in the industries and corporations involved to benefit from attending them. ...as the large convention becomes less able to offer its membership the controlled environment required for learning, the growth of regional and state conferences, and especially regional and local meetings, will continue. Motor inns and hotels are being designed especially with this in mind, or the proper facilities are being built nearby.

It is expected that by 1975, the value of these small meetings and seminars will be second only in hotel-commercial income to that of the 'average commercial guest', and will replace the position now held by 'conventions'."6

Synthesis

This hypothesized trend to smaller meetings and seminars suggests the importance of operating within that "frame of mind" termed the marketing philosophy. Americans seem to have a group orientation. It appears that the nature of the groups themselves or of their

⁵Carl Rieser, "Sheraton versus Hilton, Playing Checkers with 60 Thousand Rooms," Fortune, LXIII, 1 January, 1961, p. 164.

⁶Stephen W. Brener, "'Large' is the Word," Hospitality, July, 1968, p. L-15.

"gatherings" is changing. It would seem, therefore, to be important to those who cater to group business of any nature to be aware of and be prepared (or preparing) for this change.

Groups will most certainly continue to gather. Regardless of the reason for or nature of the gatherings (and the term applied to their gatherings) it is imperative that the management of the industries affected be aware of and to be ready, willing, and able to adjust to the industry's changing environment. Within this context, the problem may now be stated.

Problem Statement

The problem of this investigation is to determine what factors are associated with success in convention properties.

The importance of the marketing philosophy from a micro perspective and the importance of innovation are unchallenged. A question that reasonably may be asked, however, is "how important are they?".

The service sector of our national economy has been growing and continues to grow in both absolute and relative importance. The absence of a neat, concrete, product creates measurement problems of both inputs and outputs. As a result, until recently, the service industry had been relatively neglected by researchers.

It becomes evident that perhaps two gaps might be filled, at least partially, by a study of the application of the marketing philosophy and the employment of innovation in the hotel-motel industry. First, the study should benefit the hotel industry. Second, a more tangible conceptualization of the marketing philosophy and of the value of innovation will result. Third, further insight as to how to develop and encourage them will be gained.

Hypotheses

The central hypothesis of this study is: the employment of the marketing philosophy, and the innovation inherent therein, correlates with success in a hotel's convention business.

Several sub-hypotheses are suggested by the central hypothesis. These are:

- (1) Evidence of the marketing philosophy in a hotel executive's determination of the value of a piece of business correlates with success in the hotel's convention business.
- (2) Evidence of the marketing philosophy and specificity in a hotel's objectives correlates with success in the hotel's convention business.
- (3) Evidence of the marketing philosophy, specificity and direction in a hotel's marketing plans correlates with success in the hotel's convention business.

(4) Clarity and thoroughness in a hotel's target market definition correlates with success in the hotel's convention business.

(5) Hotel executive consideration of future environmental changes and their impacts correlates with success in the hotel's convention business.

(6) Hotel executive awareness of sources of the hotel's business correlates with success in the hotel's convention business.

(7) A "satisfiers" approach (explained in Chapter III) in an executive's perception of customer wants correlates with success in the hotel's convention business.

(8) Aggressive determination of customer wants correlates with success in the hotel's convention business.

(9) Hotel executive knowledge and use of marginal analysis correlates with success in the hotel's convention business.

(10) Active evaluation of group business profitability correlates with success in the hotel's convention business.

(11) Aggressive determination of hotel performance with an in-house group correlates with success in the hotel's convention business.

(12) Breadth, scope, and direction in the hotel executive's employment of innovation correlates with success in the hotel's convention business.

(13) Breadth and depth of consideration of future adjustments in a hotel's total product correlates with success in the hotel's convention business.

(14) Hotel executive community involvement correlates with success in the hotel's convention business.

(15) Hotel executive consideration of recent environmental changes and their impacts correlates with success in the hotel's convention business.

Method of Investigation

The study of convention hotels was conducted in a convention capital - Chicago.

"Chicago remains the convention capital of the United States, drawing 1,070 conventions last year, attended by 1,341,000 persons, with 1969 expected to surpass 1968. Thomas V. King, Assistant General Manager of the Chicago Merchandise Mart, and President of the Chicago Convention Bureau, estimated conventioners garner 315 million dollars a year for the city and provide 85,000 full and part-time jobs."⁷

One major market area was studied so that variance due to differences in markets was eliminated. Personal

⁷"U. S. Conventions: Two Hundred Year Trend", op. cit. It is suggested that one reason that Chicago could claim the title of "Convention Capital" is the Chicago Convention Bureau maintained convention records. Few other cities had similar records in the mid-1960's.

interviews were held with the Director of Sales and the General Manager of convention hotels and motels.

The properties included in the study were determined in the following manner: (1) A list of all hotels and motels in the Chicago area that cater to the convention market was developed. The main source of this information was the 1969 "Chicago Convention Dates" compiled by the Chicago Convention Bureau. This source lists the number and size (attendance) of conventions that Chicago properties are scheduled to headquarter. (2) A few of the properties listed were then eliminated because they (a) headquartered very few conventions, and/or (b) they are more appropriately considered "overflow" hotels, (their primary reason for having this business is that other properties are unable to accommodate it because of other commitments). "Overflow" properties were identified by an authority in the hotel-motel industry in Chicago. 96.7 per cent of conventions listed (in the 1969 Chicago Convention Dates) and 98.9 per cent of attendance listed is represented by the 12 properties studied.

To insure cooperation, the hotel executives included in the study were contacted in two phases. In the first phase, a letter from the Director of the School of Hotel, Restaurant, and Institutional Management at Michigan State University was sent to the Greater Chicago Hotel and Motel Association. It indicated the legitimacy and value

of the study, and the confidential nature of the data sought.

The Secretary of the Hotel and Motel Association sent a copy of the Michigan State University Hotel School Director's letter along with a letter of his own asking cooperation of each of the General Managers that is included in the study.

Shortly thereafter, in the second phase, a letter was sent to the Director of Sales of each hotel and motel introducing the writer. It referred to the HRIM Director's letter and briefly described the study, and indicated that the investigator would soon be calling to request an interview. The interview schedule for the Director of Sales is presented as Appendix I on page 191.

An effort was made to keep the interview as conversational and natural as possible. Questions were memorized by the interviewer and interviewer reminder cards were employed to aid recall and as a check on the comprehensiveness of interviews. Interviews were tape recorded and transcribed. The interviewer probed in-depth to encourage detailed and accurate responses.

The hotel-motel interview schedules were pretested in Lansing, Michigan. Managers at four different properties were interviewed. Knowledge gained here as well as insight provided by a major hotel executive led to the format and schedules that were employed. It was also

found that the tape recorder did not act as a detrimental factor in the interview situation.

At the conclusion of the interview, a confidential data sheet (Appendix III, page 198) was left with the Director of Sales along with a stamped self-addressed envelope. The Director of Sales was requested to fill in the sheet, (or have it filled in) and return it to the writer. Upon receipt of the data sheet, a letter was sent to the General Manager, similar in nature to the one sent to the Director of Sales. All letters sent were on Michigan State University Hotel, Restaurant and Institutional Management School stationery. The General Manager was then interviewed in an attempt to determine the reasons for any patterns in the revenue and occupancy data.

In some cases, it was necessary to ask the General Manager to estimate some of the data during the interview. This was done when Directors of Sales were unable to furnish the data prior to the interview with the General Manager. The General Manager interview schedule is presented on page 195 as Appendix II.

The responses to the questions were then scored and ranked. The method of scoring is described in detail in Chapter III.

Step-wise multiple regression analysis was employed to determine "predictor" equations, with success being the dependent variable. A number of predictors were generated.

These predictors, and their underlying assumptions, are discussed in Chapters III and IV.

Limitations of the Study

Among the most important limitations of this study are:

(1) The Chicago location of the study.

a. One cannot generalize to other markets.

b. Chicago, a convention capital of the U. S., is atypical.

However, a thorough study of one market has the advantage that the properties studied are in the same competitive environment which eliminates a major variable - geographical location.

Also, it would seem that if a city earns the title of "convention capital", it likely has hotel executives who employ some of the more creative approaches to the marketing of the services of a hotel.

(2) The hotels studied differ by size - the number of rooms. There are advantages accruing to all in the size spectrum - large, medium and small properties have their own appeals.

(3) The lack of important behind the scenes facts. "No general manager is going to tell you that he is letting his rooms go to pot, thereby cutting expenses and painting

a prettier profit picture."⁸ It is felt, however, that a fairly accurate general picture was drawn through the follow-up, interpretive interview with the General Manager.

(4) The basic data are subjective and a significant element of subjectivity exists in the scoring technique. This, however, is directly related to the fact that very little research has been done in the subject matter covered. Data to facilitate concrete objective measures are not available. This study furnishes a base and direction for further research.

(5) The success variable included in this study may be inappropriate because it is based on revenue rather than profit. A more detailed treatment of this particular limitation will be given in the section on suggestions for further research.

Terms and Definitions

It is important to define clearly the key words and terms that will be used. They include:

Innovation: Innovation has been defined a number of ways.⁹ The definition employed in this study is based on

⁸Anonymous executive, personal interview, June, 1969.

⁹See William Lazer and William E. Bell, "The Concept and Process of Innovation," in Eugene J. Kelley and William Lazer, editors, Managerial Marketing: Perspectives and Viewpoints, (3rd ed., Homewood, Illinois: Richard D. Irwin, Inc., 1967), p. 285; "Innovation - A Central Task of Management," in Kelly and Lazer, op. cit., p. 292; and Gerald Zaltman, Marketing: Contributions from the Behavioral Sciences, (New York: Harcourt, Brace & World, Inc., 1965), p. 65.

commonalities in other definitions: Innovation is a process of developing and implementing new (to the perceiver) procedures, products or changes in existing procedures or products.

Market: The relevant arena - bounded by any or all of the following factors: actual or potential product users, their wants and needs, law, and geography.

Market Potential: Total revenue possible through effective cultivation of a market by a company and/or an industry. A company's sales potential may be viewed as a subset of its industry's market potential.

Marketing Concept: The firm's interpretation, organization for, and application of the marketing philosophy. It is possible therefore, to have as many or more marketing concepts as there are products.¹⁰

Marketing Philosophy: The perspective within which companies

"...look first to the market, then at themselves to ascertain the intersection of customer's wants and needs with company resources and determine where profitable market opportunities lie, expressed in terms of products and services. ...a way of thinking about corporate activity, a frame of mind, an attitude. It recognizes the primacy of consumers and customers as they govern all of the business operations."¹¹

¹⁰There has been some confusion in the literature as to the usage of the terms marketing concept and marketing philosophy. The terms are often treated as synonymous. The distinction employed here is that made in Lazer and Tyler, op. cit.

¹¹Lazer and Tyler, op. cit.

Piece of Business: A term used in the hotel industry referring to a customer group, i.e., the ABC convention is a piece of business.

Property: A term used in the hotel industry referring to any type of lodging establishment - hotel, motel, motor hotel, resort, motor inn, et cetera.

Success: For purposes of this study, success will mean, room revenues per available room: total room revenue divided by total available rooms for the year. (Total available rooms = guest room "doors" in the hotel times the number of days in the year that they are available.)

Total Product: The sum total of a hotel's offering. This includes its physical and internal and external environmental elements as well as personnel, location, communications, pricing, and services.

Anticipated Contributions

If the results of this study were to be nothing more than a compilation of different ways that hotel-motel problems have been approached by hotel-motel management, they should be of value. This study, however, goes deeper. Not only are the various management approaches explored, but also a determination is made of the extent of the associations of these approaches with success. Through these associations, direction for further research is given.

This study may make several practical contributions to the lodging industry. The case type method of collecting data enables a richer and deeper picture to be drawn of different approaches (and their varying success) taken by the management of several hotels and motels. General guides for management indicating how they might approach their business more successfully are suggested in Chapter V.

Methods for the development and encouragement of innovation are presented. Through these, the discussion of the results of the study is more than a normative presentation. The presentation is descriptive, but some direction for additional research is provided and general management guidelines are suggested.

Organization of the Study

The report on this study is presented in six chapters. The first chapter gives background information for the study. It presents a statement of the problem, the methodology, special meanings of terms, hypotheses, limitations, and some possible contributions to marketing theory and practice are presented.

In the second chapter, some of the key literature pertaining to the issues under study is reviewed. Included are writings about marketing, the marketing philosophy, innovation, impacts of environmental changes, and changing hotel technology by hotel men and hotel consultants.

An explanation of the research methodology is provided in Chapter III. The questionnaire construction, dependent and independent variables, sample selection, questionnaire administration, and the statistical techniques employed are developed in detail.

Chapter IV comprises an analysis of the data. Here the relationship between the various independent variables and the dependent variable are discussed and the regression models developed.

In Chapter V, the implications of the findings are discussed. The summary, conclusions and suggestions for additional research comprise Chapter VI.

CHAPTER II

SELECTED LITERATURE REVIEW AND THE DEVELOPMENT OF OPERATING PHILOSOPHIES OF THE HOTEL INDUSTRY

Purpose

The major purpose of this chapter is to trace and develop the changing operating philosophies of executives in the hotel industry during the decade of the sixties. The chapter will also develop the changing role and nature of innovation in the hotel industry through a selective review of the literature.

Marketing and the Marketing Philosophy in the Hotel-Motel Industry

The marketing-based literature of the hotel industry might be grouped in three categories: (1) conceptual, (2) operating checklists, and (3) customer analysis.

The conceptual articles are exemplified by the Bursk and Morton articles¹ to be discussed below. Articles of a conceptual nature are directed at the development of a unified philosophical operating base. They inform hotel executives of the importance of viewing their customers and their total product within a sound, unified, and

¹Edward C. Bursk, "Alert Hosts in the Marketing Age," The Cornell HRA Quarterly, February, 1967, pp. 1-8, and William Morton, "Closing the Marketing Gap," The Cornell HRA Quarterly, February, 1967, pp. 9-15.

productive conceptual framework.

Operating checklists, on the other hand, are directed towards presenting step by step procedures for solving problems in specific operating or marketing areas. They are of the "how to" ilk. Some evidence of philosophical bases is sometimes present in these articles. Their thrust, however, is to help solve specific operating problems. "Twenty-Seven Ways to Promote Group Business,"² is an example of this type of article. A more detailed treatment of this type of article is presented in this chapter under the heading "Cookbooks".

A third category of article is termed customer analysis articles. The focus here is on accurate determination of customer wants and needs. Examples are discussed under the heading "A Closer Look at Customer Wants and Needs".

The Bursk and Morton articles are examples of the conceptual type of articles. These are the two most significant marketing oriented articles aimed at the lodging industry. Although other authors have covered the topic of a philosophical base they have not been as lucid or pointed.

The realization of the importance and value of the marketing philosophy to the hotel-motel industry has become increasingly evident in the professional and trade

²"Twenty-Seven Ways to Promote Group Business," Food and Lodging Hospitality, July, 1967, p. 49.

journals.

Edward Bursk states,

"My definition of marketing is: the total of all things that a company does, or should do, to effect its relations with its customers. Marketing, by this definition, is a management concern because it is the final determinant of a company's success."³

Bursk states this should be particularly true of a service business, for all it has to sell are services which are similar to those of its competition. He feels that it is paradoxical, therefore, that service industries are often service-minded but rarely marketing-minded. "For marketing minded means all these other mind-es . . . plus."⁴

Bursk continues,

"I suggest that you will more easily make your customers the focus of your thinking if you do put a dollar value on them - not a static dollar value like real estate and other capital assets but an active dollar value like return on investment."⁵

Then, to improve your investments one could seek to increase their size and/or their value. Help the customer be a better traveler, a better meeting planner, a better convention attendee. This clearly, is an espousal of the marketing philosophy - an admonition to make the customer the focal point of the firm's adjustment. Furthermore, he suggests this focusing on the customer brings the firm's

³Bursk, op. cit., pp. 2,3.

⁴Ibid., p. 3.

⁵Ibid.

various functional areas together more effectively.

A reiteration and further focusing of the Bursk⁶ article by a hotel man comprises the second of the two key articles aimed at imbuing the hotel executive with the importance of the marketing philosophy.⁷ Morton warns against simply paying lip service to a marketing orientation.

"There are individuals in our business who do acknowledge the existence of the word 'marketing' even though they may not comprehend its full implication. Some companies tend to follow the fashion of modern business. So they appoint marketing directors or managers, whether or not they have taken the time and effort to understand the complexities and opportunities of marketing. This happens in other businesses as well as in our industry."⁸

This points up what may well be a major stumbling block in getting the marketing philosophy effectively entrenched at the executive level in the hotel-motel industry.

Hotel-motel executives may say, and perhaps even think that they are customer oriented in their approach. But, are they really? It is suggested that a full understanding of the marketing philosophy and the means of implementing it are imperative for the most effective (profitable) cultivation and servicing of markets.

⁶A member of the faculty of the Graduate School of Business, Harvard University.

⁷Morton, op. cit.

⁸Ibid., p. 10.

Morton provides clarity and support for his thesis through a few illustrations taken directly from the hotel-motel industry.

"Hotel-motel advertising typically concentrates on promoting the product - building, location, accommodations, food, price, climate, what have you - not on the customers' needs."⁹

Also,

"A few years ago, the president of a hotel company logically decided that he had an overabundance of production. That is, he had an excess of rooms in any given week due to low weekend occupancy. So he announced a lower weekend rate structure. The hotel industry, instead of recognizing his weekend rate as perhaps a stroke of marketing genius, landed on him with both feet and loudly proclaimed he would ruin the industry with such lamebrained thinking.

What the industry failed to recognize was that this particular president, perhaps keener than some in the ways of marketing, had ascertained that every other product line in the market felt free to reinforce its activities with a sale whenever it had an overabundance of products. Instead of comprehending this weekend sale device for what it really was, our industry heartily condemned it."¹⁰

Morton concludes with a challenge to his industry, a challenge "to close the marketing gap". Specifically, he says, this includes understanding the nature and the extent of the demand as well as how demand may be expanded. Also, an understanding of the micro and macro effects of competition and competitive activities is suggested as a

⁹Ibid., p. 11.

¹⁰Ibid., p. 13.

means for closing the gap. Finally, the importance of setting objectives and then planning so that these objectives might be met is mentioned.

What about innovation and the marketing philosophy? Both Bursk and Morton clearly state the role of innovation in the implementation of the marketing philosophy.

"But if you reduce all marketing activities to the common denominator of innovation - doing new things so as to cause new things to happen (the new things to happen being more business from existing customers as well as acquisition of new customers) - then you too have a role to play. And here is where art and imagination and creativity and courage come in, along with the more substantive tools of research and analysis.

Of course, even the attitude involved in the customer investment concept I've been pushing - the feeling that you're in the business of developing your customers rather than in the business of building, renting, and selling food and beverages - even this attitude could represent something of an innovation. (It's no longer an innovation in other industries.)"¹¹

Morton talks in terms of creative marketing, cites Bursk's comments, and adds body through the examples previously covered. The point is, both see and emphasize the importance of creativity and innovation in business, especially in the marketing aspects.

An emphasis on change, creativity, and innovation is found throughout literature of the hotel-motel industry. One article presents a checklist of questions that management can periodically ask itself with an emphasis on

¹¹Bursk, op. cit., pp. 4,5.

"have we changed (grown) as we should have?".¹²

There is evidence elsewhere of an increasing awareness of the value of a customer orientation, not only to the customer, but to the firm as well. The hotel-motel industry is now demonstrating a sincere interest in helping customers become better at being customers through publications such as The Hotel Man Looks at the Business of Meetings.¹³ This publication is an organized collection of the thoughts of five leading hotel men on how the meeting planner should approach his task. The general philosophy of this book is found in the words of Jack Neumann, Vice President, Marketing, Hotel Corporation of America. (The company is now called SONESTA.)

"Hotel managers and their sales organizations appreciate fully the importance of every seminar, conference and meeting to the meeting planner....

We know that association executive secretaries, very frequently, are judged by the membership on the basis of the annual convention.

...we know our services and facilities and our general atmosphere makes us equal partners with the planner...and thus equally responsible for the success of the meeting."¹⁴

¹²"How to Check Management Methods," Hospitality, May, 1968, pp. 64-67.

¹³The Hotel Man Looks at the Business of Meetings, (St. Paul: 3M Business Press, 1968).

¹⁴The Hotel Man Looks at the Business of Meetings, op. cit., p. x.

Perhaps there should have been some modification of his opening sentence, such as the more successful, or the forward thinking hotel managers and their sales organizations appreciate fully.... Those managers and sales organizations which do indeed fully appreciate the importance of this notion, and who follow this up by adjusting their offerings to fit the wants and needs of their prospects, might logically, be expected to be the most successful. The degree of success bearing on the closeness of the fit of the hotel-motels' offering with the customer-prospects' wants and needs.

Individual properties and chains offer checklists of items for the meeting planner to consider in evaluation of various sites for their "gathering". The main point here is that the hotel-motel industry, collectively as well as individually, is beginning to see the inherent value of, in Bursk's words, helping customers "to do a better job of whatever it is they are doing".¹⁵

Another publication which approaches this concept from a different but insightful viewpoint is the Convention Liaison Manual. Their presentation is based on a "tripartite relationship" which exists in the planning and execution of a successful convention. The relationship is defined as "the interrelationship of responsibilities and

¹⁵Bursk, op. cit., p. 4.

cooperation required of the following for a successful convention: convention official, hotel executive, and convention bureau representative".¹⁶

This manual is something "which could be most helpful to everyone if they would take a little time to read it (no one does)".¹⁷ This comment by a hotel executive is indicative of what may be all too true in this industry. The marketing philosophy is implemented by some hotel-motel executives, there is an awareness of the philosophy on the part of a greater number of executives, and there is a lack of awareness on the part of many more.

Evidence of a changing orientation and inconsistencies in orientation are plentiful in the literature. Sales and product orientations¹⁸ are attacked regularly by C. DeWitt Coffman in his column "Management" in Food and Lodging Hospitality. In a plea for a customer orientation,

¹⁶Convention Liaison Manual, Convention Liaison Committee, 1961, p. xii. - copies of the manual are available through the sponsoring organization of the CLC - American Hotel & Motel Association, American Society of Association Executives, Council of Engineering and Scientific Society Secretaries, Hotel Sales Management Association, International Association of Convention Bureaus, National Association of Exhibit Managers, and the Professional Convention Management Association. Price, \$2.00.

¹⁷Letter from anonymous hotel executive, July 10, 1969.

¹⁸For examples, see "The Seasonal Resort Needs Conventions," The Cornell HRA Quarterly, November, 1962, p. 32, and "Twenty-Seven Ways to Promote Group Business," op. cit., p. 49.

Coffman says, "give him (the customer) what he wants - not what you want him to have".¹⁹

A book entitled Marketing Workbook²⁰ treats the subject in "cookbook" style. It is defensive in approach (and very usefully so in a number of cases). It treats market analysis in terms of, let us find who needs or wants what we now have to offer. This is a realistic approach in that investment and a limited degree of flexibility necessitates making do with what you have in the short-run. A more useful approach, perhaps, might be to set this "defense" in a framework of "offense". This approach would be characterized by an analysis of customer's wants and needs with an eye to adjusting your offering to fitting those wants and needs, rather than simply finding who is an appropriate market for what you have at the present time.

A Closer Look at Customer Wants and Needs

The need to scrutinize customer wants and needs is becoming more apparent.

'Physical comfort alone does not satisfy the demands and desires, the overall expectations of the tourist today...what (he) really wants is a combination of efficiency on the management level and personal concern for him as an individual.'

¹⁹C. DeWitt Coffman, "The Worm is Turning," Food and Lodging Hospitality, September, 1967, p. 24.

²⁰Pat Ford, Marketing Workbook, A series of articles taken from a book by the same name reported in Hospitality in a series of articles commencing in the February, 1971 issue.

So says Dr. Ernest Dichter, President, Institute for Motivational Research, Inc., Croton-on-Hudson, New York, who suggests that innkeepers go a step beyond the usual guest preference study to discover what the inner man yearns for when, as a traveler far from home, he checks in at a modern hotel or motel. What is needed, he says, is to initiate a motivational research study aimed at probing the 'real emotional needs of the stranger in a strange place....'"²¹

Dichter states that the traveler "regresses to a more infantile level," becomes somewhat afraid and wants security that may be fostered by pampering.

Whether one accepts this particular analysis or not is not pertinent to the main point here - the increasing awareness of the need for evaluating customer wants and needs.

The changing nature of conventioniers, conventions and business meetings is common knowledge among hotel executives. The quality of conventions has changed; conventioniers are now more serious and are not as likely to engage in pranks.

"Today, it's 18 hour days, educative seminars, sales meetings camouflaged as cocktail parties, command attendance banquets, balls, luncheons and money."²²

"Any hotel or motel bidding for the industrial meeting, conference or seminar must understand that the participants are not attending

²¹"Profit Making Ideas Flow at AH & MA Convention," Hospitality, January, 1968, pp. L-33, L-34.

²²"Jets Transform Convention from Hijinks to Business," Iron Mountain, Michigan News, April 7, 1969.

to be entertained, which the word 'convention' might imply, but are attending in order to learn, to become better qualified to do their own particular jobs."²³

The author, "a meeting planner," then discusses what meeting planners and participants look for in a hotel. The theme of this article is to suggest to hotel executives that the wants of meeting planners and participants are couched in a framework of the basic need or want for a successful meeting. Now, success may be defined in any number of ways - attendance and education value, to name just two. In an important article in this vein, Harlan Perrins says,

"As a conference director, it is my feeling that both the organization sponsoring the sessions and the hotels housing the meetings could benefit if hotel managers became more fully aware of the ingredients of a successful conference from the viewpoint of the conference director.

...Every conference is a learning experience. It is designed as a learning experience, staffed as a learning experience, and - in executive headquarters and in the budget - rationalized as a learning experience. Therefore, for the conference to be successful, the conferee's basic readiness to learn is absolutely essential. Any distractions or inconveniences caused by their travel or housing, primary matters to their living comfort, distract from their ability to focus on matters at hand."²⁴

The theme of this article is developed through the citation of a number of specific action-oriented needs

²³Charles V. Crumb, "Getting More of the Industrial Seminar Market," Hotel and Motel Management, March, 1968, p. 22.

²⁴Harlan Perrins, "Company Conferences in Hotels," The Cornell HRA Quarterly, February, 1971, p. 67.

including specifics on checking in, guarantees, conference-hotel liaison, the conference rooms, and audio-visual equipment.

In the face of a growing number of seminars to attend, and the growing number of people who attend them, there are questions as to the profitability and/or appropriateness of conventions or annual meetings.²⁵ The sincere questioning of the value of conventions and meetings on the part of some consultants and business executives should lead hotel executives to consider showing how these conventions and business meetings can be "necessary" in the sense that they are profitable. While the burden for a successful and profitable meeting is not completely upon the hotel, nevertheless, if hotels can help their customers become better customers, the hotels themselves will most likely benefit. This is not to suggest that hotels should take upon themselves the job of convincing every one that they should have meetings. It is important for hotel executives to approach their patrons with a full understanding of the reservations held by some executives as to the value of meetings as well as a full understanding of the benefit that can be derived by particular groups from meetings. Then they will be in an excellent position to help these executives become "better," more satisfied,

²⁵"A Legitimate Need for Convention?" Association and Sales Meetings, August/September, 1969, pp. 35-37.

and more profitable customers.

In an article essentially addressed to a problem of customer relations suggestions are made to help meeting planners to work more harmoniously with hotel executives.²⁶

"Long observation has proven that when the convention goes well the meeting planner did it. When everything goes wrong, the hotel did it. Most delegates do not seem greatly perturbed by the fact that these meeting planners are frequently the cause of failure (an example is cited) ... who gets the blame? Not the association executive, but the hotel. Hotels are afraid to criticize the association executives too strongly. However, they obviously can do a better job of distributing the money if they are dedicated to the business of creating better conventions."²⁷

Such problems are discussed as staff and personnel changes by hotels, meeting planners inflating the lodging and dining requirements, and some of the disadvantages of pushing too hard for price concessions.

Mr. Jack Neumann, former meeting planner and the Head of the first Marketing Department ever created by a hotel (Hotel Corporation of America - now SONESTA) currently Vice President of Realty Hotels wrote,

"After all, every hotel has meeting and function rooms. We've all been redecorating and are in good shape. The difference between what one hotel and another can provide lies primarily in the ability of the hotel man to interpret the needs of the meeting planner and execute them."²⁸

²⁶Hal Chandler, "Selecting a Hotel," Association and Sales Meetings, August/September, 1969, pp. 42-ff.

²⁷Ibid., p. 55.

²⁸"Executive Series No. 16," Meetings and Conventions, March, 1971, p. 48.

He points out that association executives very often are professional meeting planners and are apt to have less difficulty than are corporate meeting and seminar planners. The latter are more apt to be "first timers" and, therefore, will need the insight and guidance that can be provided by a competent hotel convention man. This is an example of increasing sensitivity to meeting planners' needs.

A reflection of changing needs is the type of facility designed to handle the short, one-day business meeting seminar - the meeting center concept being pursued by the Minnesota Mining Manufacturing Company.²⁹

"The Center is the result of a survey made by Minnesota Mining after the company found that many of its one day regional meetings in the Los Angeles area actually took two days because of time lost in getting around and delays in obtaining audio-visual equipment. The study indicated meetings cost \$800 a day for 10 men, not including travel expenses, whether they spent their time in traffic, waiting for equipment, or actually working. The new Center seeks to permit business men to fly in and out for meetings in one day."³⁰

This, obviously, is a type of competitor that hotels must consider. It is an indication that the needs of meeting planners are not being satisfied as well as they might be by hotels and motels. It is also a further indication of

²⁹ "Minnesota Mining Opens One Day Meeting Center," Wall Street Journal, March 6, 1969.

³⁰ Ibid.

widely differing types and kinds of business gatherings (conventions, seminars, business meetings - all play no work, mostly play some work, mostly work some play, all work no play).

The idea of offensive rather than defensive approaches to markets was reiterated by Coffman when he wrote of the development of a marketing committee - a committee he suggested each hotel should have.³¹ The committee, regardless of its composition should

"...be certain they keep their eye on the targets. The targets are: the final goal of all action is profit. You're developing a long range operating plan. You're going to decide what facilities and services to create by determining who the prospective customer is and what he needs and wants. You're going to create the facilities and services he needs and wants. The final goal of all your action is profit. Long range sales planning is great and important but by itself it isn't marketing. It's only number five on a list of targets in a marketing program. It's good, it's important, it's great. But it is only one piece of marketing."³²

The notion of adjusting to the market rather than finding the market that happens to fit your facilities is clear.

More recently, Coffman has written in terms of creating business.

"Most of us in hospitality business really are parasites...it's like this: most of us don't create any business - we merely siphon off chunks of already established flows of commercial or general tourist business. (Some resorts are

³¹C. DeWitt Coffman, "The Proper Fit," Hospitality, September, 1970, p. L-23.

³²Ibid.

definite exceptions.) Depending on how effective our sales program is, we get more or less than 'our fair share' of the market - the already existing market."³³

Mr. Coffman's central thesis here is that hotel executives should not rely solely on business that comes to a hotel because it has some other reason for being in the area - business, a football game in town, et cetera. He suggests that new markets may be cultivated by creating business - bringing people to the hotel because you have created some desire in people to come to your hotel. Such things as weekend packages are cited as examples of creating business - bringing people to town who would not have come otherwise.

"The founder of the fabulous DuPont clan and their even more fabulous wealth, had one great formula for business success: 'find a need and fill it!'

The need is really there. People have the time and money. You need to give them a reason why they should come and leave some of their money in your town."³⁴

There is an increasing concern for definition of needs. Hotel "experts" are voicing and have been voicing for a few years now, the need for a customer rather than a product or sales orientation.

³³C. DeWitt Coffman, "Management," Hospitality, January, 1971, p. L-6.

³⁴Ibid.

"Cookbooks"

The industry literature provides a large number of "cookbook" or "how to" approaches to specific problems and markets. A problem with them is that they fail to make explicit a unified philosophical base for the marketing effort. In some, no single orientation is in evidence. In others, more than one (product, sales, customer) is present at the same time.

The following are some examples. "How to Do More Convention Business,"³⁵ is a discussion of various things executives should consider including facilities necessary for particular size groups, number of tables, seating styles, and storage space. The tenor of this article is illustrated by this quote: "...consider what the property has to offer and what the convention groups need".³⁶ Also considered are the basic policy decisions which must be made, e.g., how big a group can be safely handled and when do you need and want convention business?

"To some, convention business is only food and drink. Actually a convention stands or falls on its ability to fill bedrooms."³⁷

³⁵"How to do More Convention Business," Interview with George K. Dahl, Veteran Convention Trade Editor and Consultant, Hospitality, August, 1965, pp. 48-52ff.

³⁶Ibid., p. 51.

³⁷Ibid., p. 48.

"Conventions have a plus value, since pleased participants are likely to come back as individual guests."³⁸

It becomes evident that there is no one single underlying philosophical base - the product orientation, sales orientation, and customer orientation all creep in at some point in this article. The article does, of course, have very real value in that it points out a number of things that hotel executives should consider.

Another article in the same vein follows a product analysis then market-customer analysis type of approach.

"In short, lodging properties must analyze their product, their market, and then select the necessary sales tools. 'All they really need is some imagination' says Mr. Berkman. 'It's not something that is going to cost them a lot of money to prepare for.'"³⁹

Valuable and useful observations are made. The focus is on helping smaller lodging operators to more successfully cater to the seminar, business meeting market. Items discussed include: how the telephone book might be useful, the audio-visual equipment necessary, the need for a salesman, and sales approaches. Here again, the "cookbook" seems to lack a unified operational philosophical base.

Other articles suggest ways to "spin-off" business from conventions, turning first time guests into regular

³⁸Ibid., p. 59.

³⁹"We Have a Peculiar Market Here," Hospitality, September, 1969, p. L-56.

business,⁴⁰ and listing of various publications in which advertisements might be placed, brochure development, and sales techniques.⁴¹

"How to Check Your Management Methods"⁴² appears to be more creative. This is exemplified in the following:

"Sometimes a method loses its effectiveness because it is taken for granted. And methods can get out of date. 'We've always done it this way,' is too often the position some lodging operators take.

Successful lodging operators take time periodically to check their management methods, because they are aware of this danger. They ask, 'is this method still doing what we thought it would when we started using it? Can we improve it?'"⁴³

This checklist sets up specific questions executives should ask themselves pertaining to their business. Areas discussed include: new guests that have been received within the past year, any changes in services that have been made, relationship and development of supplies and suppliers, new markets (are efforts being made to develop these?), promotion, competitors and their value, and the physical appearance of employees and the physical property.

These few examples of "cookbook" approaches demonstrate

⁴⁰ John A. Kelty, "Prospects You Overlook," Hotel and Motel Management, March, 1968, pp. 23,24.

⁴¹ "Attracting Business Seminars and Meetings," Hotel and Motel Management, December, 1970.

⁴² "How To Check Your Management Methods," Hospitality, May, 1968, p. L-65, L-66.

⁴³ Ibid., p. 65.

that while useful in their own right they might be made more useful if they were to help the hotel executive to formulate a unified philosophical base within which he might approach his business and his problems. The appropriate framework, it is felt, is the marketing philosophy. The executive who is aware of, understands, and practices this philosophy is certainly in a better position to make productive use of these "cookbooks".

Feasibility Studies

With the burgeoning of convention, seminar, and meeting markets, unsatisfied market segments have developed. Changing travel speeds and needs alone have dictated the development of new and different facilities. To assess these markets, increasingly sophisticated feasibility studies are being made.

One article⁴⁴ lists a number of factors to be considered in a feasibility study including the site location, convenient access to current or existing sources of demand, the economy of the broad market area, the economic trends of a market area, the demand and supply in that particular area, the size of the present market area and a projection of the growth of that area, and the type of facilities that would be most appropriate for that area. An

⁴⁴G. Carroll Weaver, "Market Demand Studies as a Platform for Effective Hotel and Motel Sales Programs," Hotel and Motel Management, July, 1967, pp. 27-29.

interesting comment that Weaver makes with respect to "gap analysis" is,

"For example, in most cities we find that two classes of hotels and motels are generally catering to what we term the first class market. First, the Class A properties, including both the fresh new facilities and the completely renovated older facilities which reflect and provide the needs of the customer looking for first class accommodations. Second, the Class B facilities, including both the older properties that have not been completely renovated and the newer properties that have not been maintained or managed in a first class condition. Generally, when we find that the Class B properties exceed the Class A properties, an opportunity exists in that area for the construction of a new facility. This is an economic fact that can be related to office buildings, clothing, automobiles -- you name it. Whenever there is a void in catering to the demand of a market, someone is going to come in and fill it."⁴⁵

A more sophisticated and detailed report on the feasibility study is presented by Jack N. Hodgson.⁴⁶ Making effective use of examples, he proposes how a productive feasibility study can be designed. Specific consideration is given to general economic characteristics of the market, growth characteristics of the market, analysis of principle sources of demand, analysis of new and potential competition, and site evaluation and selection. Also the marketing plan is integrated into the design of the facility so that the size, nature, and content of the proposed target markets have a very real bearing on the

⁴⁵Ibid., p. 28.

⁴⁶Jack N. Hodgson, "The Feasibility Study," The Cornell HRA Quarterly, November, 1968, pp. 41-59.

design of the product that will be offered to satisfy these markets. Hodgson also develops financial considerations that must be made in an effective feasibility study.

Feasibility studies are included here for they are intimately related to the marketing philosophy -- designing a product to fit customer wants and needs. This positive approach to the market is not limited to building new properties only. This same kind of adjustment, except for site relocation, may be considered by management of existing properties in an effort to serve present and new markets more effectively.

This overview of the nature of the literature in the industry journals pertaining to marketing indicates the increasing emphasis on a customer orientation. The lack of a complete acceptance, or imbuing of the marketing philosophy in the hotel-motel industry, is equally clear.

A few examples of what some hotels are currently doing with respect to the adoption of the marketing philosophy may prove enlightening.

Illustrations of Marketing Concepts

When discussing exciting and successful hotel chains, near the top of almost any list would be the Marriott Corporation. Marriott management displays an understanding, acceptance and application of the marketing philosophy as well as any other hotel corporation and better than the vast majority of such firms. Marriott has experienced

phenomenal growth. In 1964 at the age of 32, Bill Marriott, Jr. became president of the corporation.⁴⁷

"Essentially, Bill, Jr. did two things: he took Marriott national, and he spread the company's highly effective techniques into related businesses. He also brought in a new breed of hotel, airline and marketing managers.

The result? In the six years since Bill, Jr. took over, Marriott has almost quadrupled in size and had a sales volume of 315 million dollars in its latest fiscal year, ended July 31, 1970...."⁴⁸

Further, Marriott's five-year average return on equity is higher than that of Holiday Inns, Howard Johnson and Hilton Hotels.

"Marriott, in short, has practiced what others have merely preached; synergism, the applying of talents learned in one field to the problems of another."⁴⁹

Elements of the Marriott success formula include quality food and facilities, a close eye on costs, and excellent employee relations featuring a profit sharing program. Another central aspect to Marriott's success is its modern flexible approach to hotel management. Target markets are defined (e.g., age, occupation, income, education, family, expense account) and the product to satisfy those target markets is then provided. Marriott is oriented toward the businessman and his changing needs, e.g. learning centers and airport hotels. Further,

⁴⁷"The Marriott Story," Forbes, February 1, 1971, pp. 20-25.

⁴⁸Ibid., p. 21.

⁴⁹Ibid.

"Says Bill, Jr.: 'We try to custom design each hotel for the market, not stamp them out in quantity by computer.... One of our hotels should appeal to all three markets: traveling businessmen, conventioniers, and traveling families.'"⁵⁰

Marriott appears to be able to define clearly its target markets -- what is wanted and where it is wanted. Careful location analysis has led them to developing the rapidly growing airport hotel market.

"'Marriott is the best managed, best run hotel chain in the United States,' said an eastern lodging executive who works for another chain that is perhaps better known than Marriott. 'That's off the record, of course,' he continued.

Such comments, off the record and on, are frequently heard at industry conventions and trade shows. Many lodging executives, in fact, when asked to name the best lodging chain, besides their own, will say 'Marriott'."⁵¹

"'Our corporate objective is to have the highest quality reputation,' said Mr. (J. Willard) Marriott."⁵² This dedication to product quality can be steeped in the marketing philosophy. This is unlike the managers whose dedication to product quality can be attributed more to, perhaps, tradition, or pride. The results of these differing bases, may be the same. But Marriott's planned, customer-satisfaction approach would seem to be the one to bank on in the long run.

⁵⁰ Ibid., p. 25.

⁵¹ "Marriott Is On The Move," Hospitality, November, 1969, p. L-61.

⁵² Ibid., p. L-62.

Mr. Marriott stated the firm's success can be attributed, in part, to careful site selection and seeing that the hotel fits the site and community. He emphasized the importance of the management of the firm.

"Of course, the overall reason for our success is our day-to-day management. I think we have been able to develop a professional organization, not only in the hotel sense, but in the business management sense. We have developed a tremendous system of standard operating procedure and we have spent a lot of money in training our people in business management."⁵³

It would appear that this corporation approaches its business not as that of selling rooms, meals, hotel facilities, (a traditional approach) but rather one of satisfying customer needs. Again, the results of these differing approaches may not be that different. It is hypothesized, however, that some firms have been successful in spite of, rather than because of other orientations.

Another corporation with the same underlying stress on quality as Marriott, but with a somewhat differing target market is Western International Hotels.

"Our philosophy has not changed throughout the years, in that we feel that the public will pay a little more for a quality product," says Joe Callihan.... "We have never striven to be the largest hotel company in the world," says Edward Carlson, Chairman and Chief Executive Officer of Western International (now President of United Airlines). "There is no particular merit in size, rather it is our intent to be among the best hotel companies in the world."⁵⁴

⁵³Ibid., pp. L-62, L-63.

⁵⁴"The Style of Western International," Hospitality, July, 1970, p. L-51.

As to target market definition,

"The typical Western International guest is usually on business and making more than 15 thousand dollars a year....

'Sometimes we assume the present market is the same as the potential market, but this is not always the case. For instance, one hotel has found indicators showing that the corporate meeting is a good new market, although it has never been significant before. We try to make as few assumptions as possible.'"⁵⁵

This would lead one to conclude that Western International is less fully imbued with the marketing philosophy in that they are less aggressive in their determination of target market wants and needs.

ITT Sheraton Corporation of America is "trying harder," but it would appear that they are using a shotgun rather than a rifle in their new thrust at the market.⁵⁶ With a central goal not unlike that of Marriott and Western International --

"'We intend to be the number one company in the Hotel/Motor Inn Industry. And not only the first in the number of outstanding properties around the world -- but also the first in quality.' Philip L. Lowe, President of ITT Sheraton Corporation of America, announced last May Sheraton's goal to be 'number one' by the end of 1973."⁵⁷

⁵⁵ Ibid., p. L-50.

⁵⁶ See "Sheraton Strives for the Top!," Hospitality, December, 1969, pp. L-31, L-34, and "Sheraton's Zeldman: Expansion is His Game," Interview with Irving Zeldman, President, Sheraton Inns, Inc., by Ray Sayer, Assistant Editor, Motel/Motor Inn Journal, July, 1971, pp. 50-56.

⁵⁷ "Sheraton Strives for the Top!," op. cit., p. L-31.

Three elements included in the new thrust at Sheraton are: (1) less emphasis on standardization of design which once was a hallmark of the Sheraton operation; (2) "a multi-million dollar marketing plan" which seems to be more of a "bits and pieces" approach lacking a unifying thread. To illustrate, elements of the marketing plan include a family plan, insured reservations, guaranteed rates, sales blitz (to stimulate business from local sources), and a student-faculty plan;⁵⁸ and (3) increasing numbers of properties in various markets -- airport, urban renewal, and suburban locations. This is accomplished essentially through an aggressive franchising program.

"Expansion is the main reason that they brought me (Irving Zeldman, President, Sheraton Inns, Inc.) to the Boston Headquarters -- not just to run properties. We're after numbers. That's the name of the game. And I'm in this game to win, and that's what we're doing.'"⁵⁹

Further hint of a "refined shotgun approach" is evident in response to the question: "Do you take care of feasibility studies, including offering him (the franchisee) reservation turn-away figures which might be helpful in site selection?" Zeldman responded,

"We don't do feasibility studies as such. We use statistics from national companies such as Harris, Kerr, Forster or Horwath and Horwath (now LKH&H) to assist him and we will give him reservation turn-away counts on any of our

⁵⁸ Ibid., p. L-32.

⁵⁹ Ray Sayer, op. cit., p. 51.

existing properties which he feels might be important in site selection."⁶⁰

Very little of the marketing philosophy is reflected in a report on the growth of Pick Hotels Corporation.⁶¹ Pick seeks a higher percentage of occupancy through providing quality service for successful salesmen and executives.

"That determination dictates the Corporation's policy: upgrading present properties instead of seeking new ones.

...second step in raising occupancy; promotion. Special advertising campaigns will promote each hotel and motor inn as its rehabilitation nears completion.

To stimulate important group business activity, Pick will continue to advertise in leading trade publications and to use direct mail campaigns."⁶²

(Also, sales promotion kits - note paper, et cetera - are given to meeting planners.)

Research to facilitate targeting of advertising, good food service, teamwork, and keeping up with changes in hospitality facilities and transportation are among the elements cited as contributing to the success of Pick Hotels Corporation. Here, again, a unified thread appears lacking.

⁶⁰Ibid., p. 52.

⁶¹"Pick Picks Commercial Markets," Hospitality, February, 1970, pp. L-14, L-16.

⁶²Ibid.

Other hotels making "news" include Loews Hotels - with unique sales approaches;⁶³ Playboy -- its resorts (and hotel, the old Knickerbocker in Chicago) -- and its special image to sell;⁶⁴ The Hotel Fontainebleau in Miami Beach with its employee best suggestion contest - an effort to generate employee concern for conventions and convention guests.⁶⁵

A Focus on Chicago Hotels

In addition to some of the above-cited hotels (Marriott, Loews, Pick, Sheraton, and Western International) other Chicago area hotels have been making news in their efforts to cultivate the convention, business meeting market.

One example is the Arlington Park Towers Hotel -- after a market and location analysis, this property with a resort flavor to it (golf course, race track and swimming pool) was built near O'Hare International Airport, with an eye to catering to the convention market.⁶⁶ The Regency Hyatt House with its new \$30,000,000, 750 room

⁶³"Everyone at Loews Takes Orders," Hospitality, June, 1970, pp. L-40, L-44.

⁶⁴"Can You Bare It?," Forbes, March 1, 1971, pp. 17-20.

⁶⁵"Employee Contests Spurs Convention Support," Sales Meetings Magazine, January, 1971.

⁶⁶"A New Concept in Recreational Hotels," Hospitality, September, 1969, pp. L-52, L-53.

property, five minutes east of O'Hare International Airport⁶⁷ is another illustration. It exudes luxury and quality through elaborate artistic trappings and lighting, a bubble top pool and well-appointed rooms.

A central thread is market-customer analysis

"According to (General Manager, Pat) Foley, Hyatt is placing its emphasis on group business. 'As much as 80% or more of our business will be in the category of the businessman and his meetings.... The airport hotel is right on target for the needs of business and associations - at gatherings of 10 to 1,000 persons. Hyatt opened the first "fly-in" hotel in Los Angeles and the Regency Hyatt House at O'Hare is our vote of confidence in the airport/hotel/meeting concept....' says Foley."⁶⁸

Hyatt also intends to get into the downtown convention market with plans to build a \$40,000,000, 1,000 room, convention hotel in downtown Chicago.

Also, O'Hareport

"...is geared more to airport meeting business -- the executives who fly into Chicago for all-day sales sessions with lunch to break the day and then back home in the evening without ever getting into the downtown area at all.

...'O'Hareport won't be the biggest airport hotel, but in its planning and its final construction it will be unmatched in catering to the fast moving businessmen to whom airport meetings have become a way of life during the past decade,' notes

⁶⁷"The Quality Approach," Hotel and Motel Management, July, 1971, pp. 30-34.

⁶⁸Ibid., p. 34.

(hotel developer, Dan) Pavis."⁶⁹

These examples seem to indicate that many hotel corporations see a great opportunity in trying to serve the convention, seminar, business meeting market. It is also evident that some of the corporations have sound thinking, analysis, and planning behind their strategies. Others, however, appear to be trying to do what competitors are doing because it seems to be working.

Mr. Statler once said three things are important in the hotel business - location, location, and location. A prime location can overcome many shortcomings in a hotel - but only in the shortrun. More than location is needed. A knowledge of, and catering to (changing) customer wants is vital to long-run success.

Given this discussion of current marketing thought and practices among hotel executives, let us now consider innovation and the role of innovation in the hotel industry.

Some Historical Hotel Innovations

An interesting sidelight to the study has been the reports of some of the earliest innovations in the hotel industry. Dorsey and Devine⁷⁰ present a fascinating account of the history of some of the "great ones" in the

⁶⁹"Eighty Million Dollar Hotel Building Boom for O'Hare International Airport," American Hotel Journal, April, 1970, pp. 18-20.

⁷⁰Leslie Dorsey and Janice Devine, Fare Thee Well, New York: Crown Publishers, Inc., 1964.

history of American hotels and resorts. Particularly interesting is their "calendar of hotel innovations" which reads as follows:

"Just as the Tremont House in Boston was the first real hotel in America, so it was the pace-setter for many new fangled accessories and conveniences. Among its interesting 'firsts' are:

- 1829 - first bell boys (the Tremont called them Rotunda Men).
- 1829 - first inside water closets (Tremont) signaling disappearance of the old outhouses.
- 1829 - debut of the now ubiquitous hotel clerk, complete with company smile (Tremont).
- 1829 - a matter of some dispute is the appearance of French cuisine on Yankee menus, but most historians give the nod to the Tremont.
- 1829 - no argument here; the Tremont had the first menu cards.
- 1829 - annunciators placed in Tremont rooms.
- 1829 - room keys to give Tremont guests a degree of privacy.
- 1829 - start of permanent residency in hotels - Tremont again showed the way.
- 1817 - a disputatious date. Nobody quite agrees about the first hotel to have gas light, but since Baltimore, Maryland, had the first public gas works in the country, Barnum's City Hotel in the city, lays claim to a gas light first.
- 1836 - New York's City hotel, was the first to offer clubs a regular meeting place.
- 1836 - house rules first defined by the Astor House and posted in guest rooms.
- 1840 - Washington Hall in New York first instituted the European Plan.
- 1846 - Eastern Exchange Hotel, Boston, had first central heating system.
- 1848 - the New England Hotel, Boston, offered first safe deposit boxes for the protection of cash brought in by the merchants who were staying there.
- 1875 - floor clerks installed by the Palace Hotel - San Francisco.
- 1882 - electric lights first dazzeled guests in New York's Hotel Everett."⁷¹

⁷¹Ibid.

Other interesting firsts cited by Dorsey and Devine include room service instituted in approximately 1846 by New York's City Hotel,⁷² and the "perpendicular railway" - the first elevator in the world meant for passengers - Fifth Avenue Hotel, in approximately 1859.⁷³

A look at current innovations may be useful. These include, basically, those involving facilities, those brought about by the computer, and less tangibly, an innovation that may be characterized as a changing orientation.

Innovation in Facilities

Innovation in facilities include a gamut of changes ranging from minor gadgetry to architectural design. Innovation in facilities would seem to be the first kind of innovation that comes to mind when executives are asked to discuss the innovational aspects of their hotels. It is significant to note that this is also the type of innovation that is most easily copied.

Examples of this type of innovation would include water beds. The Hyatt House in Burlingame, California, has installed a waterbed in one room - successfully, it feels.⁷⁴ Another is the front office replete with electronic equipment:

⁷²Ibid., p. 37.

⁷³Ibid., p. 66.

⁷⁴"Business Bulletin," The Wall Street Journal, January, 14, 1971.



"Mr. Guest walks into a Marriott Hotel ready to complete the necessary registration forms before he will be ushered to his room; but, after announcing his name, a tiny t.v. screen in front of him instantly lights up to reveal his name and all pertinent data regarding his reservation. A clerk calls for a bell man, and Mr. Guest is ensconced in his room. His personal account is established in less than one second.⁷⁵

This system also allows automatic charging of purchases and, at check-out, a summary of all charges before a printed statement is presented. This system also has internal benefits in that less time is required in posting charges to accounts with an eye to allowing more time for personal contact with the guest.

Another example of an innovation in facilities is a 24-hour instant room service device adopted by the San Jeronimo Hilton, San Juan, Puerto Rico.⁷⁶ Snacks, liquors, et cetera, are made available in a key operated device and charges are automatically recorded on a metering board and transferred to a guest's account. It is felt that due to the convenience -- the machines being located in the guest room -- that the revenue generated by these machines is above and beyond, rather than in lieu of, that generated at the hotel's bars and restaurants.

At Realty Hotels,

"Another one of our innovations is directly tied to a new meeting trend. This trend is the

⁷⁵"Electronic Front Offices to Eliminate Guest's Folios, Cash Registers, Guests' Delays in Fourteen Marriott Hotels," American Hotel Journal, June, 1971, p. 12.

⁷⁶"Instant Room Service," Hotel and Motel Management, May, 1968, pp. 23-25.

making of a total environment to involve the attendee. This may mean using the entire wall of a room as a screen so that by changing the pictures you can change the audience's mood. Our project consists of taking three meeting rooms, putting them together and having a wide screen across the entire front wall for use in a general session."⁷⁷

Other items of this nature would include: elevators, escalators, indoor pools, ice machines, pop machines, air-conditioning, message-lights, dictaphones, whirlpools, clock-radios, and typewriters in the rooms. (Marriott's electronic front office and Realty's wall screen-environment may be seen as being a somewhat "higher order" of innovation than the others listed. In these, there is evidence of a full sub-system, rather than a simple "gadget" approach. This notion will be discussed more fully in Chapter III.)

An "innovation" in the hotel-motel industry that may appropriately be considered to be a high, medium or low order innovation - depending on how it is employed - is the computer. A look will now be taken at the present and potential use of the computer in the hotel-motel industry.

The Computer

The computer and its potential usefulness to the hotel industry has been a favorite topic in the recent hotel literature. Many articles can be cited, where the intent is to educate the hotel-motel executive on just what the

⁷⁷"Executive Series No. 16," op. cit., pp. 49, 90.

computer can do in and for the hotel industry.

In one article the computer "himself" explains what he can do for the hotel executive.⁷⁸ This is a very basic primer in computer application. Items discussed include:

- (1) how the computer and the executive communicate with one another;
- (2) the elimination of human errors in computations - given a sound program;
- (3) the occurrence and detection of errors in inputs;
- (4) how computers may be used in reservations - checking on the availability of a room, the elimination of a room from "inventory" if a reservation is made and the sending of a letter of confirmation to this effect;
- (5) the use of the computer at registration of the guest (and the tie-in from the previous step);
- (6) the use of the computer in food service -- updating menus, waiter control, check production, and check settlement -- charging to a room if so desired;
- (7) sales analysis -- where items sold, costs, et cetera, may be checked at a moment's notice;
- (8) telephone charges; and
- (9) bill settlement.

⁷⁸"Computers in Hotels," The Cornell HRA Quarterly, August, 1967, pp. 17-31.

It is a basic article, but it does serve its purpose in that it introduces hotel executives to the wide applicability of the computer in hotel operations. Costs and problems are not treated in the article except for a comment by Professor C. I. Sayles to the effect that computers are expensive.⁷⁹

Another article suggests the decade of the 50's saw the business world (including a few lodging executives) attracted by the potential of computers.⁸⁰ The sixties saw the computer become more firmly established in the lodging industry.

"Now the larger hotel chains are employing their own elaborate computer facilities. The schools of hotel administration have computer procedures well integrated into their courses, as have some progressive high schools. Many independent hotel and motel properties -- even some fairly small ones -- have adopted computer services on a permanent basis. And computer manufacturers are making larger and larger and smaller and smaller systems to suit both increasingly sophisticated and mass markets."⁸¹

Here again, the various areas in which a computer may be put to use in a hotel are discussed (but not in the detail as the previous article). The advantages and disadvantages of buying, leasing, and sharing are included. A very important point is made with regard to planning for the

⁷⁹Ibid., p. 31.

⁸⁰"Innkeeping and the Computer," Hotel and Motel Management, June, 1968, pp. 25-29.

⁸¹Ibid., p. 25.

acquisition and arrival of the computer.

"When you anticipate the use of a computer, begin the preparation for it with a feasibility study to determine which of your operations can be most profitably mechanized, and what type of service or equipment would most effectively do the proposed work. Then, as you shape your plans, be sure to make them both very long-range -- so that expensive overhauls and revisions will not later be necessary in order to accommodate probable growth or expansion -- and very explicit, so that every step of the new procedure has been prepared for and there will be no complicating surprises."⁸²

The communication gap between hotel managers and the computer, a basic problem with respect to computers in hotels, is treated by Charles I. Sayles.⁸³ Sayles discusses the different terminology employed by computer specialists, programmers, and hotel men. He lays the blame for this gap at neither the programmer's nor the hotel man's feet. He simply points out that this gap does exist and must be bridged. He suggests that,

"...It seems that if a hotel is to use data processing and start from scratch, it is wise to assign a hotel individual to a programmers' school to acquaint him with the general problems and introduce him to the environment. Then he should write the ADS. (ADS refers to an NCR-developed package of forms known as accurately defined systems which foster the use of explicit, meaningful statements between management and the computer.)"⁸⁴

⁸²Ibid., p. 28.

⁸³Charles I. Sayles, "Communications -- Hotel Men and Computers," The Cornell HRA Quarterly, May, 1970, pp. 64-68.

⁸⁴Ibid., p. 65.

Sayles' main point is that it is important to recognize that this kind of problem can exist and it is possible to avoid the problem.

"...by carefully identifying the functions in complete detail which are to be performed in each hotel area, as well as describing any media, media being the size and material characteristics of the guest check, for example."⁸⁵

Many articles discuss advancements made in specific areas, with respect to the computer in the hotel industry. One article reports on a system in which all of the food and beverage outlets in a property are connected to the front desk through a computer.⁸⁶

"This system is being developed by Holiday Inns, Incorporated, the company that devised a national reservations system years before others in the lodging industry began to think it might be worthwhile. The new system may have a similar impact on the industry. It is now economically feasible for a five hundred room hotel, and the design team is working to solve the final problems to put the system within reach of a three hundred room property.

Not only does the system record all internal transactions of the hotel, automatically printing out errors and inconsistencies, it also: automatically posts charges to rooms and handles check-ins, check-outs, and confirmations. Performs a complete night audit and does back office accounting and inventory. Sorts information and presents it in report form for management projections and analysis."⁸⁷

⁸⁵Ibid., p. 66.

⁸⁶"No Other Hotel Can Make This Statement," Hospitality, July, 1970, pp. L-30, L-31.

⁸⁷Ibid.

This system, once operational, will obviously be a vital part of an effective and efficient hotel operation.

Other articles cover computer applications to reservation systems;⁸⁸ hotel-motel feasibility studies;⁸⁹ operating controls;⁹⁰ and the use of the computer with respect to detecting credit card fraud.⁹¹

An outstanding article on computers and the hotel industry was written by Thomas M. Diehl.⁹² He discusses the use, current state, and future of computers in hotels.

"The hospitality industry has made much progress in the past 10 years, but it is clearly behind many other business fields in its use of modern data processing techniques. ...the industry has tended to under-estimate data processing's potential areas of applications."⁹³

Diehl states that repetition, high frequency of occurrence, and low level of value judgement in certain hotel operations

⁸⁸See, for example, "Innkeeping and the Computer, II," Hotel and Motel Management, August, 1968, pp. 27-30.

⁸⁹Robert N. Chase, "Analyzing Hotel/Motel Feasibility Through Computerized Pro Formas," The Cornell HRA Quarterly, February, 1969, pp. 89-93.

⁹⁰See Rene Meyer, "Computers Can Ease Growing Pains," Hospitality, June, 1970, pp. L-60, L-61, and "Cornell Presents Computerized System of Managerial Controls for Hotels and Motels," The Cornell HRA Quarterly, November, 1969, pp. 2-4.

⁹¹"Computer Wars on Credit Card Fraud," The Cornell HRA Quarterly, February, 1969, p. 94.

⁹²Thomas M. Diehl, "Computers in Hotels - 1971," The Cornell HRA Quarterly, May, 1971, p. 2-19.

⁹³Ibid., p. 2.

make automated equipment very applicable. However, in general, hotel men have not (cannot) effectively communicate their problem areas.

"Basic accounting routines make up about 85% of computer usage in the hospitality industry. The cost of a computerized system can be only partially justified by an accounting program.... Forecasting, market analysis and sensitivity modeling are but a few of the applications that can be combined with present accounting programs in a computerized system to increase the efficiency of management."⁹⁴

Diehl discusses different types of systems and gives a rough idea of the nature of the costs involved.

"Various economic studies have shown that all hotels and motels can benefit from (a totally integrated on-line system), but the cost of a complete in-house service are prohibitive for most properties. Overall, management has set a maximum cost goal of \$10 per room month for an integrated management information system. A minimum of 500 rooms is therefore needed to justify and support a complete in-house system. Setting an economic standard of 500 rooms, however, has excluded 75% or more of the industry."⁹⁵

Diehl points out that time sharing systems and mini-computers are ways of circumventing the cost problem.

Diehl presents a thorough discussion of various manufacturers and the computer systems they have available. He also discusses a number of hotels and the computer systems which they employ. With respect to the future, Diehl states,

"Assuming that the industry will continue to financially support development, the following

⁹⁴Ibid., p. 3.

⁹⁵Ibid., pp. 4,5.

can be expected in the future: 1) A nationwide reservation network that will interface with in-house reservations and adequately integrate with guest registration.... 2) Standardized credit card and input formats.... 3) On-line management systems for small to middle sized (200-450 rooms) properties.... 4) Increased utilization of mini-computers and turn key packages.... 5) Completely autonomous chain reporting.... 6) Instant credit verification 7) Increased use of sensitivity and forecasting models.... 8) Computerization of food and beverage controls, menu structuring and pricing, and on-line inventory controls."⁹⁶

It becomes clear, then, that computers have a vast (and largely untapped) potential in the hotel industry. A traditionally conservative industry, it has been slower than many other industries in recognizing the applicability of computers and adapting them to its problems. This problem has been recognized now, however, and hotel men are very actively pursuing research with respect to computer utilization -- utilization that goes well beyond simple accounting -- record keeping, to total information systems. This is an innovation that can and will have great impact on hotel operating and marketing procedures.

A Changing Orientation

The changing orientation of, and approach to markets by, hotel executives is one of the most significant innovations of all when talking about the hotel industry. This notion of a changing orientation has been discussed at some

⁹⁶Ibid., p. 18.

length in the section on marketing and the marketing philosophy. Because of this, the purpose of this section will be to emphasize the innovative nature of this change in orientation.

In an early article, Roger P. Sonnabend, President of the Hotel Corporation of America (now SONESTA), stated

"I think that physical and marketing obsolescence will occur in the hotel/motel industry at an ever increasing rate in the future. In the past hotels were concerned primarily with physical deterioration. Truly important new developments took place only once every 50 years or so, such as when E. M. Statler created every room with a bath."⁹⁷

He states that obsolescence in the hotel industry may occur every five to ten years in the future. Style, automation, new recreation facilities, and communications needs and capabilities will precipitate accelerating obsolescence.

With respect to communications, Sonnabend states,

"...obsolescence may well come most from the communications revolution. Technological changes in the field of communications will be most significant in the future. The extensive use of television and reproduction equipment in every day life may significantly reduce our need to travel, particularly for business purposes. When closed-circuit television and T.V. telephones become common place and inexpensive, much of the business that now requires people to come together in the same place physically will be conducted via T.V."⁹⁸

⁹⁷ Roger P. Sonnabend, "Obsolescence Today...What Tomorrow?," Hotel Bulletin, July, 1965, p. 4.

⁹⁸ Ibid.

A significant point that Sonnabend makes is that fact that hotels and motels increasingly will be designed to satisfy specific markets rather than several markets at the same time. Managers of these specialized hotels will seek to do a very good job of satisfying a small segment of a market rather than a mediocre job of satisfying several sub-markets within a market.

James J. Cribbin has discussed the role of innovation in organizations.⁹⁹

"Change for the sake of change is as foolish as 'art for art sake'. It is also silly to change simply because 'it is the thing to do' or because 'our competitors are doing it', or because someone in authority, unhappily, has (he thinks) a 'bright idea'."¹⁰⁰

Cribbin states three basic reasons that hotel executives should be concerned with change. These comprise, first, progress is impeded by outdated knowledge and convictions. Secondly, failing to change is to fall behind the competition. Third, the success impact of even a minor improvement in effectiveness of each individual in the firm should be considered. Cribbin cites a number of blocks to innovative thinking. Included are: (1) an overly structured organization, (2) remote relationships between management and employees, (3) peer pressure - not to be an

⁹⁹James J. Cribbin, "Innovational Thinking - Fulcrum for Organizational Growth," The Cornell HRA Quarterly, May, 1967, pp. 9-16.

¹⁰⁰Ibid., p. 10.

"apple polisher", and (4) the individual himself - developing habits, lack of curiosity, and failure to experiment. Recognizing these blocks suggests ways of removing them.

Cribbin also suggests an exercise that may seem elementary and perhaps even insulting to some managers. It aims at fostering organizational growth. It would appear to be particularly valuable in a tradition bound industry. This exercise is in the form of a series of questions:

"What are our precise objectives?	Why have we determined to achieve these objectives?
What is our order of priorities?	Why have we established this order?
What are we doing to achieve our objectives?	Why are we doing these particular things?
Where is the emphasis being placed?	Why do we emphasize what we do?
Who does what?	Why does each person do what he is doing?
How do we get things done?	Why do we use these particular methods and procedures?
In what sequence is the work done?	Why is it done in this or that sequence?
How much time does it take?	Why does it take this long?
How much does it cost?	Why does it cost this much?
Where do we do this or that?	Why do we do it where we do?
What equipment do we use?	Why can't we use it more efficiently?
When do we do this or that?	Why do we do it at this particular time?
How much energy is expended to do what we do?	Why can't we get the same, or better, results with less energy?
What improvements have been made in the last 6 months?	Why haven't more improvements been made?
Which subordinates are we rewarding?	Why are we rewarding these particular subordinates?

What satisfactions are
the subordinates
getting from their
work?

Why aren't they getting
more job satisfaction?

What results are we
getting?

Why aren't we getting
better results?"¹⁰¹

This exercise forces the executive to ask himself pointed questions, answers to which can only benefit his operation. What this does, in effect, is to make explicit what many managers treat as implicit, and sometimes don't treat at all. This exercise may appear to be internal-operations oriented, but the first six sets of questions may be expanded to include the external considerations -- markets, and the environment.

The Learning Center

An exciting concept, a learning center, in conjunction with a hotel is being developed by Sterling Institute, based in Washington, D.C. Sterling

"...plans to build a series of self-contained training facilities adjacent to carefully selected hotels in major metropolitan areas. By working closely with hotels, Sterling hopes to be able to provide businesses with a complete package -- not simply the amenities of a hotel plus a meeting room, but a collection of communications paraphernalia from computers to closed circuit television."¹⁰²

The idea is exciting enough that a very large number of hotels and chains have been considering an alliance with Sterling.

¹⁰¹Ibid., p. 15.

¹⁰²"The Learning Center Hotel," Hotel and Motel Management, March, 1971, pp. 39-41.

"The learning center boom itself is a result of advanced technology. Most firms no longer can maintain the facilities required for up-to-date training. The sales manager as trainer is being replaced by a trained educational technologist, backed by a team of helpers and a full bag of electronic equipment. Sterling provides its clients with start to finish advice and assistance, with some programs taking as long as nine months to develop. ...Sterling discovered that providing the physical plant for classes is not enough for today's intensive training sessions. Instead, it wants to create a total environment."¹⁰³

A Sterling representative will handle the entire package needed by a meeting planner, working closely with the hotel. This is a potentially lucrative allignment for hotels as

"...the hotel's slice of the package price, he (Donald S. Frank, Sterling Vice President) added, is 'substantially more than one half' the gross. 'We want to make it as attractive as possible to hotels so that they will give us the service we demand,' he said."¹⁰⁴

This concept ties in closely with other trends in the seminar market in that Sterling's criteria for a hotel that it will allign with include: that it be not more than 15 minutes from an airport, have some recreational facilities (a la the resort), and be interested in handling smaller groups. It certainly is a development that hotel executives interested in developing the corporate meeting seminar market must closely scrutinize. Marriott Corporation already has an agreement with Sterling.

¹⁰³Ibid., p. 40.

¹⁰⁴Ibid., p. 41.

"'What we're looking for most,' Frank said, 'is hotel people willing to look to the future for ways of changing the hotel business.'"105

This, then, along with the one day meeting center developed by 3M mentioned earlier, are reflections of a changing orientation in the hotel industry. Other examples, which will be developed further here, include the proliferation of conventions and business meetings being held at resorts, and the increasing importance of airport locations.

Resorts

Some segments of the convention and business meeting market are developing an increasing interest in (1) "non-downtown" type entertainment and/or (2) isolation from distractions that are present in downtown areas. As a result, old resorts have been switching their target markets and new resorts are being developed to cater to these new markets.

An example of the former is the Greenbrier Hotel.

"Gleaming white and looking like an overgrown southern mansion, the venerable Greenbrier Hotel sits here (White Sulfur Springs, West Virginia) amid a 6500 acre mountainside estate. Once it entertained such southern patricians as Robert E. Lee; as late as 1948 it was envisioned as 'the exclusive preserve of America's elite'.

No longer. This summer (1968) the Greenbrier is opening its 1141 rooms to such groups as the National Freight Traffic Association, the Manufacturing Chemists Association and the American Society of Corporate Secretaries. After decades of catering to the rich and famous, this old line

105 Ibid.



resort hotel is going after the convention business - and it's paying off."¹⁰⁶

This change-over by many resort hotels has occurred as a result of a combination of two basic developments. The first is the dying off of old markets. The second is the new interest in what a resort has to offer being demonstrated by the corporate meeting market. Other hotels mentioned in the same article, which are catering to this new market include the Homestead in Hot Springs, Virginia, the Broadmoor in Colorado Springs, Colorado, Grossinger's in Liberty, New York, and Wentworth-by-the-Sea, Portsmouth, New Hampshire.

There is other evidence of this trend toward an increasing interest in fishing, swimming, golf, et cetera (a trend mentioned by a majority of the executives interviewed in Chicago). This evidence includes (1) the addition of in-door swimming pools and golf courses to existing properties, (2) the establishment of new resort type properties - Playboy's Lake Geneva Resort for example, and (3) increasing business in the convention market being enjoyed by such faraway areas as Hawaii. These complexes try to cater to what has been termed "The total living concept for your home away from home".¹⁰⁷

¹⁰⁶"The Greenbrier - Old Line Resort Hotel Turns to Conventions and its Profits Soar," The Wall Street Journal, August 14, 1968, p. 1.

¹⁰⁷"A Livelier Tune for 'the Inn Group'," Insurance, May 10, 1969, pp. 14f.

Another property built just to cater to this trend is the Hotel Sahara's Space Center, a convention hall to tie in with a resort property.¹⁰⁸ Another property of this nature was mentioned previously - the Arlington Park Towers Hotel.

In an article aimed at informing resort managers present and potential how to best cater to developing markets, Frank W. Berkman states,

"The resort hotel operator should determine the market segments his property is best equipped to serve and then provide all he can to fulfill this market's needs. The people who come to his establishment play an important role in his marketing program - when people seek recreation they are attracted to a place where there are other people with similar interests."¹⁰⁹

As for the market analysis, he suggests the studying of new groups that might become potential resort customers.

"The 'meeting business' is becoming a tremendous source of revenue for hotels. When the word 'convention' is used, most people think of groups the size of the American Legion, the American Medical Association, or large educational conferences. But there are over 20,000 associations that hold meetings every year and 80% of them have an attendance of 100 people or fewer -- groups small resort properties can serve. There are also company meetings and training schools. And there are travel clubs and recreational groups organized on common interests."¹¹⁰

The point of real significance that comes out of this

¹⁰⁸"Hotel Sahara, Las Vegas, Nevada - Its New Space Center is Largest Resort Meeting Facility," Hotel and Motel Management, September, 1968, pp. 25-29.

¹⁰⁹Frank W. Berkman, "Selling Today's Resorts in Tomorrow's Market," The Cornell HRA Quarterly, February, 1969, pp. 33-35 ff.

¹¹⁰Ibid., p. 35.

article, is that resort executives, not unlike hotel executives, must determine what segment or segments of the market they want to cater to. They then must develop their product to satisfy the needs of these segments.

Somewhat related to this trend is an apparent increasing interest in cruise ships for conventions and meetings. "In the last few years cruise ships have become an important and permanent part of the picture of conventions, and the trend is growing all the time."¹¹¹ Elements cited as advantages of this type of facility include those of the resort type property - isolation and a real change of pace, a chance to unwind.

Proximity to an airport has also become increasingly important to meeting planners in recent years. A look will now be taken at the move to the airport, a move directly related to the growth of jet travel.

Airports and Hotels

The growth of the airport as a business hub is characterized by its having been termed the Second City.¹¹²

"The airport is a relative newcomer to our cities. As recently as 20 years ago, it was located well outside the urban centers - away from the city's economic and cultural part. But the past two decades have witnessed an

¹¹¹S. Y. Smith, "The Growing Trend to Conventions at Sea," Association and Sales Meetings, August/September, 1969, p. 31.

¹¹²Edward Knevals, The Airport: Second City, (St. Paul, Minnesota: 3M Business Press, 1967).

unprecedented urban sprawl and the airport, serving as the city's major gateway, has been enveloped by this growth, linked to the city and its most remote suburbs by an enlacing network of freeways and thruways."¹¹³

The community spawned by this airport-related growth is called the "second city". The businessman's need for quick in and out meetings is met by these "capsulated communities".¹¹⁴

This work is aimed at the jet age commuter and the business meeting planner. Discussion areas include (1) the why's of the development of the "second city", (2) the relative advantages and disadvantages of second city hotels versus downtown hotels, and (3) a collection of tips and suggestions to aid the traveler and planner. Suggestions are made with respect to how to use the airlines and airport, luggage problems, packing, car rentals, and the use of paging and message service. Knevals capsulizes how differing needs might be better satisfied by either a "second city" property or a downtown property:

"Airport

Fast in, fast out
capability

Downtown

Proximity to theaters,
shows, night clubs, sup-
per clubs, symphony, art
galleries and museums,
major shops and depart-
ment stores, banks,
brokerage offices.

¹¹³Ibid., p. 3.

¹¹⁴Ibid.

Least expensive rooms, meals, services.	When wives are invited.
Small meetings; less than three days' duration.	
The all work, no play meeting.	
Informal, friendly atmosphere for guests.	When group is mainly professional.
Complimentary shuttle.	When meeting planner is to host persons of influence.
Freeway accessability.	When there is a desire or need to impress through the hotel's DG (Distinguished guest) treatment.
Parking ease.	If elegant penthouse suites are desired.
New construction.	
Swimming pool, other recreational diversions.	
Simple fire escapes.	Best manpower; professional; seasoned; knowledgeable.
Low crime rate area; safety for guests, cars, rooms and contents.	Maximum service and accommodations.
Medium-sized cities.	House valet; pressing; laundry; mending; button replacement; immediate emergency service.
Usually free ice, mix dispensers; often, complementary coffee makers in sleeping rooms.	House doctor; closest to major emergency hospitals.
	Conventions; meetings lasting longer than two days." ¹¹⁵

It is obvious that a number of items in each of the columns are not exclusive to the type of property at the head of that column, e.g., free ice and best manpower in the airport and downtown columns respectively. The book is an interesting and informative discussion about the development of the second city phenomenon and how to make best use

¹¹⁵Ibid., p. 19.

of what it offers.

With respect to the success of airport properties,

"The rush to airports is due to the consistently high occupancy rates they enjoy as a group. Last year the average occupancy rate for lodging facilities in the United States was about 70%. Airport hotel average occupancy ranges from the low eighties to the mid-nineties, according to Gilbert Rosenbrier, Hotel and Motel Association and General Manager of the O'Hare Inn."¹¹⁶

Judge discusses the nature and success of this type of property. He includes discussion of a number of specific properties (the Los Angeles Hyatt House, the O'Hare Inn, and the O'Hareport Hotel and Convention Center).

Some "how to" information is also evident in this literature, e.g., space allotment for a 300 room airport property¹¹⁷ and leasing arrangements and ground rules.¹¹⁸

In summary, then, it is suggested that this change in orientation on the part of hotel-motel executives and reflected in their increasing concern for changing customer wants, is one of the most significant innovations in the hotel industry. It is much more far reaching than any "gadget" type of innovation in that it is an evidence of a change in a way of thinking about the lodging industry. This change fits neatly within the marketing philosophy

¹¹⁶ Martin Judge, "Hotels at the Sky," Hospitality, July, 1970, p. L-38.

¹¹⁷ Ibid., p. L-43.

¹¹⁸ Stephen W. Brener, "The Airport Hotel: Sites and Opportunities," Hospitality, August, 1968, pp. L-14, L-15.

and the long-run implications are clear.

The Environment and the Future

Anticipation of environmental changes and plans to adjust to them are evident in the industry literature. Environmental changes, previously mentioned, that certainly will continue to have impact on the hotel-motel industry are the jet and the jumbo jet.

Cutting travel time and facilitating attendance at meetings are examples of the impact of the jet on business meetings.

"Conventions today resemble the good-time social gatherings of the 1920's and 1930's about as much as a jet airliner resembles a bi-plane.

The comparison is apt because modern air travel, more than any single factor, is responsible for the tremendous growth in number and size of conventions - and the change in kind."¹¹⁹

Air travel enables a business man to attend a meeting in a distant city and be home that same night. Further, it enables additional cities to compete for the conventioniers' dollars.¹²⁰

Caveats to hotel people with respect to the impact of the jumbo jet are in evidence. It has been suggested that airlines and hotels work more closely together to offer a total travel package.

¹¹⁹"Jets Transform Conventions from Hijinks to Business," op. cit.

¹²⁰Ibid.

"The super jets are coming. Following closely behind: The most concentrated travel promotion programs ever aimed at the general public. Airlines and hotels will develop packages that even no go travelers will find hard to resist. And when the non-traveler begins to travel, the boom will be here."¹²¹

Also,

"'Our's is the only industry (hotel/motels) with the built in capacity to cope with the arrival of the jumbo jets!' (anonymous to protect the guilty.) ...The statement credited to anonymous was actually made. It was intended to insinuate that the jumbo jets will not pose any problems for the innkeeping industry.

...Following the same logic, there is no need to make any changes in the existing facilities. Ours is an industry 'well prepared' to welcome the hundreds that will thunder from the behemoths of the sky to the center city. If ever there was a syllogism with a false conclusion, this one must win first prize."¹²²

The jumbo jets cannot be looked at as just more of the same thing, jet travel. Change in arrival patterns will occur and hundreds of people will arrive at one time putting very real pressure on the reservation desk, courtesy cars and luggage handling, for example.

"Occasionally you find an article about these new planes in the hotel press, but never any reference to the innkeepers plans to cope with the planes of the near future. If the future belongs to him who plans for it, someone had better start doing some planning now because it is almost too late."¹²³

¹²¹"The Impact of Super Jets," Hospitality, January, 1970, p. L-45.

¹²²William Morton, "Innkeeping Future Up in the Air!," The Cornell HRA Quarterly, November, 1967, p. 2.

¹²³Ibid., p. 3.

Morton discusses the increasing interest in hotels shown by airlines, i.e., Pan American Airways with its Intercontinental Hotels, TWA with Hilton International, and SAS - the Royal Hotel in Copenhagen. He suggests that,

"It may very well be (hotel's apparent lack of planning for this development) that has prompted the airline industry to make its entry into the hotel field. They know that they are going to be carrying hundreds of passengers on these jumbo flights. They also know that it is going to be equally important to provide accommodations for these passengers when they arrive at their destinations. Apparently, they are not willing to leave the fulfillment of the trip to chance and have decided to complete the circle of services for the passengers."¹²⁴

The hotel industry must recognize and adjust to the impact of the jumbo jet.

Another environmental change that has impact on the hotel-motel industry is the increase in leisure time and the new Monday holiday law. A labor department study has found that workers have an increasing preference for "lumps of leisure", i.e. long weekends.¹²⁵ This, apparently, is more attractive than shorter work days. This same study indicates that since 1960, workers have an additional 50 hours a year in leisure time. The "lump of leisure" idea is reflected in the long weekend created through Federal Legislation on the Monday holidays. There are mixed feelings on the part of resorts as a result of this

¹²⁴Ibid.

¹²⁵"Business Bulletin," Wall Street Journal, March 23, 1971.

legislation in that this opens the doors for more traveling by tourists but might have a negative effect on group business at resorts. This is because businessmen do not choose to meet over weekends, hence making those weeks less attractive to meeting planners for seminars, corporate meetings, et cetera.¹²⁶

A number of articles have been presented in hotel journals suggesting the nature of future environmental changes, the importance of these changes to hotel men, and how they might best prepare for them.¹²⁷ The first step,

¹²⁶ See "Business Bulletin," Wall Street Journal, January 14, 1971, and "Lincoln's-Washington's Birthday Weekend of Up to Four Days Pleases Resorts, Stores," Wall Street Journal, February 11, 1971, p. 10.

¹²⁷ See Stephen W. Brener, "Important Five Years Ahead," Hospitality, April, 1968; J. Frank Birdsall, Jr., "Our Industry Wide Challenge," The Cornell HRA Quarterly, May, 1967, pp. 2,3; Stephen W. Brener, "Large is the Word," Hospitality, July, 1968, p. L-15; Henry End, A.S.I.D., "The Hotel of the Future," Hospitality, February, 1968, p. L-40; Stephen W. Brener, "1969 Can Be A Great Year," Hospitality, March, 1969, p. L-43; Alice L. Patterson, "Prepare For the Moon Age," Hospitality, November, 1969, p. L-92; Thomas O'Brien, "The Economic Outlook 1967-1977," The Cornell HRA Quarterly, May, 1967, pp. 4-8; Stephen W. Brener, "What the Future Holds for the Hospitality Industry," Hospitality, September, 1970, p. L-32; "AH & MA Study Prepares Lodging Industry to Meet Challenges of 70's, Odde Tells International Symposium," American Hotel Journal, April, 1970, pp. 22, 23; Al Lapin, Jr., "Outlook for the 70's," The Cornell HRA Quarterly, May, 1970, pp. 1-10; "New Markets Mean New Challenges," Hospitality, January, 1970, pp. L-78, 79; Bruce H. Hamill, "Prospectives for the 70's," Hospitality, January, 1970, pp. L-74-76; "70's Will Soar," Hospitality, January, 1970, pp. L-57, L-62; "We'll Be Ready," Hospitality, January, 1970, pp. L-67, L-72; Austin H. Kiplinger, "Toward the Year 2000," The Cornell HRA Quarterly, August, 1968, pp. 2-8; and Patrick L. O'Malley, "The Serious 70's," The Cornell HRA Quarterly, May, 1970, pp. 6-10.

obviously, is to be aware of and to appreciate them. Among the elements of the future environment that are discussed are: (1) increasing costs - particularly labor costs, precipitating a need for increasing automation, (2) increasing travel speeds, (3) increasing need for awareness of the importance of innovation, (4) increasing leisure time, (5) the changing nature of conventions and business meetings, (6) rapid growth of young ambitious hotel corporations, (7) consumer affluence, (8) the growth of the international market, and (9) the increasing educational level and sophistication of the consumers.

There is one work that treats these matters more fully and lucidly than other references - Operation Breakthrough.¹²⁸ The thrust and implications of this study are discussed in the following section.

Operation Breakthrough

This comprehensive study lends support to the trends mentioned above. With respect to the growth potential of markets, the report states:

"With increasing leisure and affluence of society, however, it is widely felt that the growth potential of the pleasure travel market is the greatest (of business, pleasure, and meetings and conventions) and that the pleasure

¹²⁸Operation Breakthrough-An Approach to Hotel/Motel Operations in 1978. A study by Booz, Allan and Hamilton under direction of the Cornell School of Hotel Administration, Commissioned by the American Hotel and Motel Association, 221 West 57th Street, New York, New York 10019, copywrite 1969.

traveler will be largely responsible for the travel boom. The large number of 'stay at homes' who do not travel are more likely to be drawn into the market (if at all) as pleasure rather than as business travelers."¹²⁹

In discussing the new and changing wants of the customers, the report includes an interest in differing types of accommodations. The emphasis here is on lower cost accommodations - aimed at specific more cost conscious segments. Also cited is an increased demand for services - at an option. That is, they will not be mandatory or automatically included in the bill. Customers will have the choice of buying these services a la carte. There is more interest in recreational facilities. Customers are showing more of a value consciousness rather than simply a cost consciousness. People will have the money to spend and will spend it if they feel they are receiving an appropriate return. Also,

"Fear and uncertainty about travel are widely noted as factors that keep people from traveling. Schedules, tipping, and what to wear are uncertainties for many people. A Lou Harris poll for Newsweek indicated the people are worried less about cost than uncertainty. Other observers have noted that as income moves up, people do not automatically take on the same concept of a standard of living as those already in the higher income group - a 'habit lag' based on past training and experience. Thus, even though many non-travelers will have the time and money to travel, they may still choose not to.

Unless the industry can satisfy these and other demands, and can 'set the pace' for a standard of fine living - as it once did - it

¹²⁹ Ibid., p. 22.

will be difficult to maintain or expand the lodging market."¹³⁰

Among those trends cited in the report that are not discussed above are: (1) an increasing role of the government in the hotel industry - directly or indirectly through minimum wage laws, stimulation of jobs through encouragement of building new properties, and training programs requirements; (2) increase in the use of room modules constructed off the site to help fight increasing construction costs; and (3) automation, the hoped for panacea to help solve the labor shortage problem, probably will not do it.

"In an era of great technological capability, there are opportunities to mitigate the labor problem by automating certain hotel operations and by increasing the use of disposable products, improved equipment, and new materials. The industry, however, has not been taking advantage of this opportunity. ...On the whole, it also appears that within the lodging industry, automation is only a partial answer to the labor problems. More attention must be paid to personnel management in terms of wages, training programs, and methods to find a complete answer."¹³¹

A section is devoted to internally focussed problems, issues, and trends with respect to reservations and registration and check-out. Other areas discussed in this section include accounting, baggage handling, and food and beverage. With respect to food and beverage, the study cites increasing use of prepared foods, and the continuation

¹³⁰ Ibid., p. 31.

¹³¹ Ibid., pp. 74, 75.

of "trends toward menu reduction, fewer dining facilities, self-service, and restricted hours of service".¹³² Finally, there is a treatment of housekeeping (poorer quality, higher cost) and maintenance (replacement rather than repair, increased use of outside contractors).

An extensive and useful series of conclusions and recommendations is presented with respect to the marketing effort necessary in the hotel industry.

"If the travel boom materializes, the lodging industry can expect to benefit in terms of growth. But to maintain or improve its share of the total growth in travel, to stimulate the travel boom, or to really exploit its full potential in the future, the industry must market effectively.

But the industry's marketing effort in the past has not been particularly successful."¹³³

Not only specific properties, but destinations as well must be promoted. Markets are not identified before properties are built. Studies that have been done tend to be of little practical use to individual operations.

To summarize,

"The need for a marketing concept (marketing philosophy as it is defined in this work) has been recognized in some parts of the industry. Some sales and promotion departments have been redesignated as marketing departments and assigned this responsibility. Unfortunately, the main thrust of these efforts is still in sales - i.e., selling the existing hotel/motel services and products - rather than in identifying the needs and wants that exist in the

¹³²Ibid., p. 111.

¹³³Ibid., p. 132.

market and providing the services that will satisfy those needs. The lack of good marketing know-how and data appears to be the major barrier. There is just not a sufficient understanding within the industry of what motivations and desires exists in the market."¹³⁴

Operation Breakthrough is an excellent and thorough analysis of the hotel-motel industry's problems, present and future. It should be required reading for anyone affiliated with the hotel-motel industry. Operation Breakthrough has stimulated many executives to consider and think more actively about (1) the future and (2) how they might become more effective marketers.¹³⁵

Stephen Brener has stated

"The industry generally recognizes that these are changing times in many ways. AH & MA have had a very comprehensive study done recently, looking ahead 10 years to try to figure out how to cope with vastly fluctuating national and world economic changes.... Too few will listen to what Operation Breakthrough tells us. If you haven't read it, you must.... But, alas, we are slow to change in the hospitality industry.... Opportunities for change, improvement, modernization, streamlining and increased profit making are all there, but too few will take advantage of them."¹³⁶

¹³⁴Ibid., p. 133.

¹³⁵See Robert A. Beck, "Operation Breakthrough!," The Cornell HRA Quarterly, February, 1969, pp. 6-18; "Roundtable," The Cornell HRA Quarterly, February, 1969, pp. 2-5 ff; and "Roundtable," The Cornell HRA Quarterly, August, 1969, pp. 2-5 f.

¹³⁶Op. cit. Stephen W. Brener, "1969 Can Be A Great Year,"

Summary and Conclusions

This selective review of the literature pertaining to marketing, the marketing philosophy and innovation in the hotel-motel industry literature indicates efforts to educate hotel-motel executives about the importance of these concepts. There is, however, some confusion in the literature. A number of articles show evidence of a lack of a unified philosophical base. Innovation, except for a few notable examples, has not played an active part in the hotel-motel industry. Some significant efforts are being made to point out the short comings in several areas of the hotel-motel industry and its management. Operation Breakthrough is outstanding in this regard. The hotel industry shows very real signs of breaking out of its tradition based mold.

Insights gained through a study of the literature plus the empirical investigation lead to the following conclusions about the seventies: (1) a drastic revamping in the thinking and approach of the executives in the industry and/or (2) a drastic revamping of the relative strength of present and future competitors in the industry will occur. It appears that the acceptance and implementation of the marketing philosophy will be the thrust of hotel management in the seventies. The literature of the industry, however, will likely give increasing attention and emphasis to the importance of what has been termed the

human concept.¹³⁷ This concept reflects the increasing concern, at the individual and company levels, for the social and ecological ramifications of business activities. This thrust will probably lead to new restrictions on, and opportunities for marketers. Hotel executives will then, likely, find it appropriate and necessary to move in this new direction.

¹³⁷Leslie M. Dawson, "The Human Concept: New Philosophy for Business," Business Horizons, Volume XII, December, 1969, pp. 29-38.

CHAPTER III

RESEARCH METHODOLOGY

Introduction

The purpose of this chapter is to explain the design of the study. Discussed are the sample selection, the administration and construction of the interview schedule, the variables and analysis techniques employed.

Sample Selection

The rationale for the choice of Chicago as the locale of the study was discussed in Chapter I. A list was obtained of all hotels and motels that have convention business. The main source of this information was the 1969 "Chicago Convention Dates," compiled by the Chicago Convention Bureau. Using this reference and other industry sources properties were classified by whether they catered to the convention market. An initial list of 29 properties in the Chicago area was generated. From the information, however, it became evident that a number of properties included housed very few conventions per year. Also, several were most appropriately considered "overflow" hotels.

With the assistance of an executive intimately associated with the Chicago convention business, the list of 29 properties was reduced to 13. 98.9 per cent of

attendance at Chicago conventions listed in the "Chicago Convention Dates" is represented by 12 of the 13 properties.¹ In effect, then, a census of Chicago convention properties was made.

Interview Schedule Administration

The cooperation of executives to be interviewed was encouraged by assuring them of the integrity and confidential nature of the study. A letter of explanation asserting this as well as the potential value of the study was sent to the Secretary of the Greater Chicago Hotel and Motel Association by the Acting Director of the School of Hotel, Restaurant, and Institutional Management at Michigan State University. The Secretary of the Greater Chicago Hotel and Motel Association then sent a copy of this letter along with a letter of his own to the General Manager of each of the 13 properties in the study. The Secretary's letter asked for the cooperation of the executives at these properties.

Shortly after this was accomplished, the researcher sent a letter of introduction requesting cooperation to the Director of Sales of each of the properties. A copy of this letter is given in Appendix IV, page 199. A few

¹One property included in the study was so new that it did not have a "success record". Therefore, it was not included in the data analysis. It was included in the interviewing to generate additional "new property" type insight and ideas.

days after the letters were sent, each of the Directors of Sales was phoned to set up an appointment for the interview.

The plan for gathering data was to keep the interview as conversational in nature as possible. Therefore, interview schedules were prepared and areas of discussion were memorized. Cue cards were carried by the researcher in order to assure that all questions and areas were included. All interviews were recorded on tape.

This format - conversation, open-ended questions, and use of the tape recorder - facilitated the collection of in-depth, example-laden information. The rigidity created by check list or forced choice questions was almost completely eliminated. This informal format also led to new avenues of thought during the interviews, and to pertinent but "unscheduled" research information. Probing was employed extensively during the interview to gain additional information.

At the conclusion of the interview, a Confidential Data Sheet (see Appendix III) was left with the Director of Sales. He was asked to complete this form and return it to the researcher in the self-addressed, stamped envelope provided. At the time this form was given to the Director of Sales, each of the items on the sheet was briefly discussed to be sure of a common understanding of the definition of these terms.

The interviews ranged from an hour and a half to an hour and forty-five minutes in length on the average. On

one occasion an interview lasted almost three hours. The interview length was dictated by the amount of information the Director of Sales was willing and/or able to provide.

In two cases, personnel other than the Director of Sales were interviewed. In one, the Director of Sales could not be present for the interview, while in the other, he could not be present for the entire interview. In the first case, the Assistant Director of Sales was interviewed, and in the second a Sales Representative was interviewed along with the Director of Sales who had to leave early. A letter was sent to each Director of Sales shortly after the interview, thanking him for his cooperation.

The initial intention was to wait until the Confidential Data Sheet was returned for a property before requesting an interview with the General Manager. This, however, proved impractical. In some cases even after additional letters and calls requesting that the Confidential Data Sheet be forwarded they were not. Therefore, I decided to go ahead and interview the General Manager without the benefit of seeing the Confidential Data Sheets. Information pertaining to the Confidential Data Sheet was then sought in the interview with the General Manager.

In some cases, only incomplete Confidential Data Sheets were returned by the Director of Sales. Where this occurred attempts were made to secure the missing data during the interview with the General Manager.

A letter of introduction (similar to the one sent to

the Director of Sales of each property) was sent to the General Manager of each property. (see Appendix V, page 200) The interview format with the General Manager was identical to that used with the Director of Sales (conversation, open-ended questions, tape recording). During the interview, a copy of the Confidential Data Sheet that had been returned (or a blank copy in the case of a non-return) was presented to the General Manager. He was then requested to develop "the why's" of the various numbers. In the case of the non-returns, he was asked to provide, as closely as possible, the performance of the hotel in the various categories indicated on the sheet. In some cases, specific approximations were made. In others, general approximations were offered. In certain instances, the General Manager declined to provide the asked for information.

The General Manager interviews averaged an hour and a half in length. The duration ranged from 25 minutes to close to 3 hours. The length, again, varied directly with the General Manager's ability and willingness to provide information.

In two cases, the General Manager was not available for an interview. In one of them, the Manager was interviewed and in the other, the Resident Manager was interviewed. As was the case with the Director of Sales, a letter of appreciation was sent to the General Manager shortly after the interview.

In the case of a few of the properties which had

furnished incomplete "success" data, additional requests, in person and by letter, were made. Where information was still not received approximations based on "educated guesses" were used. These estimates were based on the partial information that had been provided either on the Confidential Data Sheet itself, or in the discussions with the executives.

Interview Schedule Construction

The interview schedules (see Director of Sales Interview Schedule (Appendix I) and General Manager Interview Schedule (Appendix II)) were constructed to generate information about: the executives' philosophy of business, their approach to business, their aggressiveness, their vision, and their sensitivity to change. The following are classifications of the interview topics and the corresponding question(s). First, the Director of Sales Interview Schedule is classified.

<u>Topic</u>	<u>Questions</u>
<u>Management orientation</u>	
long run or future	1, 3(c)-(e), 6(d), 8, 11
customer	2, 4, 8, 9
profit	1, 2, 8
systems and/or subsystems	2
<u>Customer definition</u>	
target market	3(a), 3(b), 7
variations in spending patterns	3(f)
sources of business	3(g)

Marketing programs

specificity and direction	2, 5
emphasis in program	5
Pricing flexibility and employment of basic marginal analysis	6 (a) , 6 (b)
Commitment to group business	6 (c) , 6 (e)
Consideration of profitability of group business	8 (d)
Employment of innovation	10
Major problems in hotel industry	12
Executive community involvement and self-development	13

The General Manager Interview Schedule was designed to develop both (a) supportive and (b) additional information to that generated by the Director of Sales. In general, the background and success of the hotel were discussed.

<u>Topic</u>	<u>Questions</u>
<u>Historical background of the hotel and its environment</u>	
physical plant	1(a)
hotel's environment	1(b)
personnel and personnel policies	1(c)
operating policies and procedures	1(d)
services offered	1(e)
"the whys" behind the revenue and and occupancy figures (on the Confidential Data Sheet)	2

Management orientation

long run or future	3(a), 5(a), 5(b), 9
customer	4(b), 4(c)
profit	5(a), 5(b)

Customer definition

target market	4(a)
---------------	------

Marketing programs

specificity and direction	3(b)
Employment of basic marginal analysis	5(c)
Commitment to group business	6
Major problems in hotel industry	7

Personnel

needs-training, availability	8(a)
qualifications for successful General Manager	8(b)
payroll changes needed	8(c)
Executive community involvement and self-development	10

It should be noted that some of the questions used were suggested by executives affiliated with the hotel-motel industry who were not included in the study. Others were suggested by information gained in the pre-testing of the questionnaire.

The interview schedule (as well as the technique for the administration of the interview schedule) was pre-tested in the Lansing, Michigan area. Managers of four different properties were interviewed. This was done to determine

the workability of the interview schedule, the completeness of the schedule, and the effect of tape-recording the interview, as well as to help develop the researcher's interviewing skill.

The Confidential Data Sheet (Appendix III) was constructed to secure various measures of the success of a property over a period of 5 1/2 years. An executive who was consulted provided very valuable insight as to what should and/or should not be included on this Confidential Data Sheet. (He also suggested the very real possibility of not getting all the information sought on the sheet.)

Definition and Scoring of the Dependent and Independent Variables

This section comprises a discussion of the variables employed. Indexes of the variables and the weighing of each component are developed.

The Dependent Variable

Success. This refers, of course, to the success of the hotel. Room revenue per available room was employed as the measure of success. Although profit is a more desirable measure of success, room revenue per available room is a fair measure since it does relate a return to a capacity for a return. Since hotel executives are not willing to divulge profits (only two properties provided profit figures) revenue is used as the common measure of success. The revenue

and available rooms figures were drawn for 1968 - the last full year completed prior to the interviewing.

Scoring:

To determine the success score, total room revenue was divided by total available rooms for the year. An available room is one which may be used by a guest. A room closed for repairs or modernizing is not an available room. (Total available rooms = guest room "doors" in the hotel multiplied by the number of days in the year that they are available.)

The Independent Variables

(1) VALPOB. This refers to evidence of the marketing philosophy in the executive's determination of the value of a piece of business. It comprises two components--time horizon and return base. Time horizon is given more weight than return base because a long run (greater than one year) evaluation framework indicates greater concern for the survival and growth of the hotel.² When an executive operating within the marketing philosophy evaluates a piece of business, he considers the long run profit implications. (This area was examined with both the Director of Sales and the General Manager.)

²Some executives have focused on developing a saleable hotel in a short period of time, i.e., build, establish business, sell, and then repeat the cycle. It was assumed in this study that this kind of cycle was not an objective of the chief executives of the hotels.

Scoring:

Time horizon(th):	Long run (greater than one year)	= 3
	Short run (one year or less)	= 1
Return base(rb):	Profit	= 2
	Revenue	= 1
VALPOB score = th X rb		

(2) SACOBJ. This is comprised of two components--specificity and orientation of the stated objectives. The orientation component comprises consideration of customer (versus product), profit (versus revenue), and total and departmental (versus total or departmental) frameworks.

Specificity of stated objectives is given heavier weight than any of the orientation aspects taken individually. A high degree of specificity suggests an organization--a focus. However, the orientation factors when taken together, could conceivably outweigh a low rating on the specificity factor. A total (system) and departmental (operationalization) orientation suggest systems thinking and management oriented thinking. Also, the customer and Profit orientations have much more satisfactory long run implications as suggested by the marketing philosophy, than do a product or revenue orientation. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Specificity(s):

very specific	= 5
moderately specific	= 4
neither specific nor obscure	= 3
moderately obscure	= 2
very obscure	= 1

Orientation (_ _ o):

customer orientation	}	cpo	= 2
product orientation			= 1
profit orientation	}	pro	= 2
revenue orientation			= 1
total and departmental orientation	}	tdo	= 2
total or departmental orientation			= 1

SACOBJ score = s X cpo X pro X tdo

(3) SDPLAN. This pertains to the plans and/or programs discussed and is made up of three components - specificity, orientation, and direction. The specificity and direction components are given the most weight. The reasoning behind the relative importance of specificity and orientation of plans is identical to that in the consideration of objectives.

It is important to have a clearly structured approach to the market. A "bits and pieces" type of plan and/or Program might be presented very specifically. The scoring rewards a unified, structured approach. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Specificity(s):

very specific	= 5
moderately specific	= 4
neither specific nor obscure	= 3
moderately obscure	= 2
very obscure	= 1

Orientation(o):

external	= 2
internal	= 1

Direction(d):

very structured	= 5
moderately structured	= 4
neither structured nor unstructured	= 3
moderately unstructured	= 2
very unstructured	= 1

SDPLAN score = s X o X d

(4) TMKTDF. This refers to the presence, clarity, and thoroughness of the executive's target market definition. It has three components - consideration of the size (number of people in the group), nature (association, corporate, regional, et cetera), and content (executives, professions, labor - "shirt-sleeve") of the group. Consideration of the nature and/or content of the groups and their differing needs are given the most weight. The size factor - the physical "fit" of the group in the house is important in consideration of target markets. However, as a more obvious consideration than the nature and content of the group, it would, more likely, be considered automatically. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Size(s):

considered	= 2
not considered	= 1

Nature(n):

clearly defined	= 3
moderately defined	= 2
undefined	= 1

Content(c):

clearly defined	= 3
moderately defined	= 2
undefined	= 1

TMKTDF score = s X n X c

(5) VISENV. This variable comprises the breadth and depth of consideration of future environmental changes. The depth (impact considerations) component is weighted more heavily since it is important to have a sound, well-developed idea of how future environmental changes will impact the hotel. The executive demonstrating consideration of the effect of future changes on his hotel is apt to be prepared for these changes. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Number of changes considered(n):

8 or more	= 3
4 through 7	= 2
less than 4	= 1

Impact considerations(i):

very developed	= 5
moderately developed	= 4
neither developed nor undeveloped	= 3
moderately undeveloped	= 2
very undeveloped	= 1

VIENV score = $n \times i$

(6) SOFBUS. This refers to evidence of the executive's awareness of the sources of his business. His awareness is reflected by how specific an idea he has of the hotel's sources of business (per cent derived from associations, corporate business, et cetera). (This area was examined with the Director of Sales only.)

Scoring

very specific idea	= 5
moderately specific idea	= 4
neither specific nor obscure idea	= 3
moderately obscure idea	= 2
very obscure idea	= 1

(7) PERCWT. This variable is the executive's perception of customer's wants.

The scoring of the responses reflects the importance of perceiving customer wants in terms of satisfiers or motivators. The scoring does not imply that the executive can ignore the dissatisfier type of want.

Customer wants are usually considered by executives when developing marketing programs. How these wants are considered and used is of utmost importance. For example, customer wants may be used as a focal point to which the executive's adjust their offering. Or, these wants may be used as forces to be adjusted to a present offering. The first case reflects a customer orientation and the second, a product orientation. There is another dimension to the consideration of customer wants. This dimension concerns the framework within which customer wants are perceived.

Herzberg has made suggestions which are of use here.³ He has discussed employee motivation in terms of satisfiers and dissatisfiers. According to Herzberg, satisfiers are job-related factors which, when present, serve to motivate the employee to perform well. An example of a satisfier, in this context, would be a superior's recognition of the employee's accomplishment. A dissatisfier is a job-related factor which the employee fully expects to be present. The presence of the factor does not necessarily motivate the employee to perform well. The absence of such a factor, however, will have a negative impact on motivation. An example of a dissatisfier in this context would be harmonious interpersonal relations. The presence of a satisfier, then, has a greater impact on motivation than the absence of that satisfier. The absence of a dissatisfier has a greater impact on motivation than the presence of that dissatisfier.

This construct may be applied to an executive's perception of customer wants. Satisfiers are motivators in that their presence generate a high order of satisfaction which would lead to repeat business. Dissatisfiers or "expecteds" would be, in this context, elements which, when absent, would generate a high order of dissatisfaction.

³See for example, Frederick Herzberg, "The Motivation-Hygiene Concept and Problems of Manpower," Personnel Administration, Vol. 27, No. 1 (January-February, 1964), pp. 3-7, and F. Herzberg, B. Mausner, and B. Snyderman, The Motivation to Work (New York: John Wiley and Sons, 1959).

An example of a satisfier for a meeting planner (customer) would be a successful meeting. A satisfier for an attendee would be learning what the meeting has to offer. Examples of dissatisfiers for these same men would be cleanliness in guest and meeting rooms, good food (as opposed to excellent food), and air-conditioning. Guests expect cleanliness, good food, and air-conditioning. The absence of these elements would have a great (negative) impact but their presence would have very little (positive) impact. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Orientation of wants cited:

very satisfier	= 5
moderately satisfier	= 4
neither satisfier nor dissatisfier	= 3
moderately dissatisfier	= 2
very dissatisfier	= 1

$$\text{PERCWT (Satisfier score)} = \frac{\sum_{i=1}^n x_i}{n}$$

Where: x = scalar value of want cited by interviewee
 n = number of wants cited by interviewee

(8) AGDETW. This is the aggressiveness shown by the executive in the determination of customer wants. Both the quality and quantity of want determination techniques are rewarded. The "quality" (aggressiveness) of the technique is given extra weight. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Very aggressive (asking, in-house studies)	= 5
Moderately aggressive (out of house studies)	= 4
Neither aggressive nor passive (check backgrounds)	= 3
Moderately passive (experience)	= 2
Very passive ("they'll tell you")	= 1

$$\text{AGDETW score} = \sum_{i=1}^n X_i$$

Where X = scalar value of technique cited
 n = number of techniques cited

(9) BMARAN. This is comprised of the degree of consideration and employment of basic marginal analysis in room rate determination. Consideration of this area is reflected by the specificity of the executive's idea of the cost incurred by that hotel because a room was used rather than not used. Employment of this information is reflected by evidence of knowledge as to how this information might be used in the establishment of rates below rack (normal) rates.

The evidence of an idea of the marginal cost of renting a room and evidence of knowledge of how to use this information are given equal weight. The more specific the idea of the cost, the greater the suggestion that management has actively considered this factor. Even though the executive may not be able to state specifically the marginal cost of renting a room at his hotel, he may demonstrate knowledge of how this information would be used. This would suggest that he does operate within a conceptual framework allowing him to use this notion implicitly.

(This area was examined with both the Director of Sales and the General Manager.)

Scoring:

Idea of cost incurred(i):

very specific	= 5
moderately specific	= 4
neither specific nor unspecific	= 3
moderately unspecific	= 2
very unspecific	= 1

Evidence of knowledge of use(k):

very clear	= 5
moderately clear	= 4
neither clear nor obscure	= 3
moderately obscure	= 2
very obscure	= 1

BMARAN score = i X k

(10) EGPPRO. This variable is evidence of active evaluation of group business profitability. It has two elements. One is whether separate revenue and profit figures are kept for group business. The other is whether there is evidence that the sales department is cognizant of and uses this information. The two elements are given equal weight. One purpose of this scoring is to reward those keeping separate figures because group profitability might be more effectively analyzed. Another purpose is to penalize a property where there is evidence that the Sales Department is not aware of and/or does not make use of this information as well as it might. (This area was examined with the Director of Sales only.)

Scoring:

Separate figures(sf):

separate figures kept	= 5
separate figures not kept	= 1

Evidence of use(u):

very clear	= 5
moderately clear	= 4
neither clear nor obscure	= 3
moderately obscure	= 2
very obscure	= 1

EGPPRO score = sf X u

(11) DETHPF. This refers to the aggressiveness shown by the sales staff in the determination of hotel performance with an in-house group. It has two components - whether hotel representatives sit in on open sessions and the reason(s) for so doing. Greater weight is given to the reasons for (and presumably the thought behind) his being there. Showing an interest in the group is scored more highly than being interested in the topic alone (a purely self-interest motivation). Checking the overall hotel performance is given the highest score for it demonstrates a very active concern for customer satisfaction. For example, a representative could determine whether the microphones are functioning properly. He also might determine whether there is unnecessary outside noise. (This area was examined with the Director of Sales only.)

Scoring:

Sit in (si):

do	= 2
do not	= 1

Reason (r);

very customer oriented	= 5
moderately customer oriented	= 3
not customer oriented	= 1

DETHPF score = $\sum r(s)$

(12) INNOVA. This comprises the breadth, scope, and direction in evidence in the executive's discussion of his hotel's use of innovation. Breadth is an indication of the number of innovations described. Scope is a reference to the level of the innovation described and is weighted more heavily than breadth. The thrust (direction) score is given by far the most weight because it is the single evaluation of the thinking or orientation that underlies the hotel's use of innovation.

The scoring system employed gave conceptual innovations the highest scores. They include new approaches or ideas such as designing facilities and/or services to cater to a new market. Innovations of a gadget nature such as new (and often minor) devices, included in a management's program and/or offering were given the lowest scores. Examples of gadget type innovations would include the installation of color television or clock radios in the guest rooms. The degree of direction and planning in evidence with respect to a management's employment of innovation is a single characterization of the thrust of this element as is made clear by the scale developed below.

The three scores, breadth, scope, and direction become increasingly subjective as generalization is employed.

The scoring system is designed and defined to achieve reasonable and useful information. (This area was examined with the Director of Sales only.)

Scoring:

Breadth (b):

8 or more innovations described	= 4
6 or 7 innovations described	= 3
4 or 5 innovations described	= 2
less than 4 innovations described	= 1

Scope:

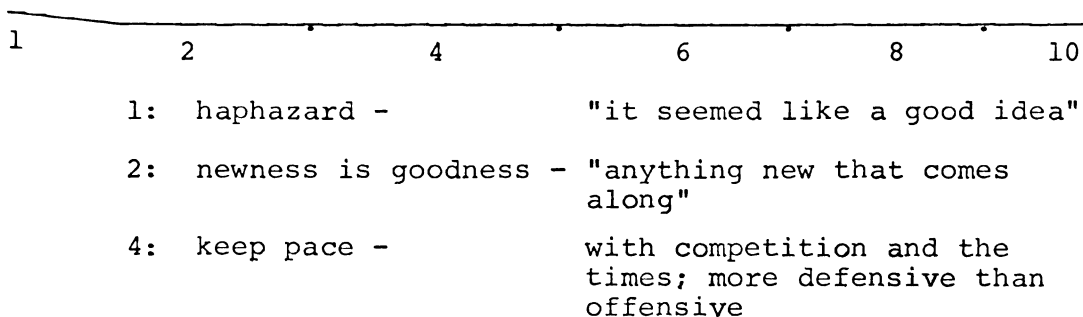
very concept level	= 5
moderately concept level	= 4
neither concept level nor gadget level	= 3
moderately gadget level	= 2
very gadget level	= 1

$$\text{Scope score (s)} = \frac{\sum_{i=1}^n X_i}{n}$$

Where X = concept-gadget scale score
n = number of innovations described

Characterization of the
thrust of the hotel's

employment of innovation (t): the one point on the following scale that seems to best characterize the hotel's overall approach to innovation as evidenced in the discussion:



6: efficiency - do the same thing more efficiently, that is, increase output for a given input, or reduce input for a given output

8: better satisfy customer - do new things in order to do a better job of satisfying current markets

10: develop and cultivate new and changing markets

INNOVA score = b X s X t

(13) VISTPR. This variable is the breadth and scope of the executive's consideration of future changes (adjustments) in a hotel's total product. The breadth element is the number of future changes discussed. The scope element refers to the concept-gadget notion discussed above with respect to innovation and is weighted in the same manner. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

very concept level	= 5
moderately concept level	= 4
neither concept level nor gadget level	= 3
moderately gadget level	= 2
very gadget level	= 1

$$\text{VISTPR score} = \frac{\sum_{i=1}^n X_i}{n}$$

Where X = concept-gadget score
n = number of changes described

Ranking of the properties may then take several paths.

1. Ranking by Director of Sales or General Manager separately may be accomplished

through two methods. The first method would sum the vision points -

$$\sum_{i=1}^n X_i \quad \text{and breaking ties with the total}$$

product vision score. The second method would rank by the total product vision score alone.

2. For the property as a whole, ranking may be accomplished by two methods. The first method would sum the vision points of the Director of Sales and the General Manager of each property and then rank. Ties would be broken by the total product vision index. The second method would sum the ranks of the Director of Sales and the General Manager of each property, and then rank these ranks.

With respect to point 1, the first method was employed. The breadth and scope of the discussion of future adjustments in the hotel's total product are considered in this method. The second method would allow an executive discussing one concept level adjustment to rank higher than the executive describing several adjustments that do not result in a high VISTPR score. A better characterization of the breadth and depth of consideration of future total product adjustments is given through using the first method. With respect to point 2, both methods were employed in the analysis. It should be noted that the former method

tends to allow an especially insightful (or myopic) executive to weigh more heavily on a property's ranking.

(14) CMTYIN. This refers to the executive's community involvement. It reflects the community, church, and professional associations the executive mentions as affiliations. It would be quite difficult to weigh the various activities mentioned (church versus Hotel Sales Managers Association versus the Convention Bureau, for example) as to their relative merit or value. Therefore, the number of different community and professional activities mentioned, was taken as a measure of the community involvement of the executive. (This area was examined with both the Director of Sales and the General Manager.)

Scoring:

The number of activities mentioned were added. Ranks were established by number of activities mentioned.

(15) RENVCH. This comprises the breadth of the executive's consideration of recent environmental changes and their impact(s) on his hotel. As with VISENV (page 97) the impact considerations have greater weight. (This area was examined with the General Manager only.)

Scoring:

The scoring is the same as with VISENV.

RENVCH score = $n \times i$

Data Analysis

All interviews with the executives were personal interviews. They were tape recorded. Transcriptions of

the interviews were indexed. Responses to each question were assembled and content analyzed. The responses were evaluated on the bases of the instruments described. Each hotel was ranked by its score on each variable.

The ordinal data coupled with the scoring employed result in conclusions that are directional in nature only. The scores on each of the variables for each property, therefore, are translated into ranks. This means, simply, that one can say that a hotel ranked higher or lower than another hotel on a particular variable. The degree of variation, however, does not imply any precise measure.

The dependent variable, originally measured in absolute terms (room revenue per available room), was later transformed to an ordinal scale. The result is a conservative research stance. It merely reduces the effect of any errors in the success measurement whether generated by inappropriate assumptions by the researcher or by misleading, inaccurate, or over-generalized data provided by the representatives of the hotels.

The basic thrust of the analysis was to establish the presence of relationships between each of the independent variables and the dependent variable. The intent was to study the association of each variable and combination of variables with the success of hotels so that predictions could be made at a directional level about the relative success potential of hotels.

Stepwise multiple regression analysis was used with a

zero order rho matrix as the starting point. The resulting equations are of the general form:

$$Y(\text{success}) = a + b_1x_1 + b_2x_2 + . . . + b_nx_n$$

Kerlinger has stated that care in interpretation of the results of analysis treating ordinal data as though they were interval data can prevent serious distortions and errors.⁴ Useful information can be (and has been) gained through this approach. The implications of the results of this analysis are limited in that tests of significance may not be made. When using ordinal data, the dx in dy/dx is undefined.

⁴Fred N. Kerlinger, Foundations of Behavioral Research, (New York: Holt, Rinehart & Winston, Inc., 1966), pp. 427, 428.

CHAPTER IV

DATA ANALYSIS

Introduction

Essentially, the analysis comprises five elements. The first is the rankings of properties on all variables. The second is the zero order correlations (ρ 's) of independent variables with the dependent variable. The third element is the optimum regression equation employing the stepwise technique to arrive at the best combination of independent variables. The fourth is the calculation of the coefficient of correlation (R). The fifth is the calculation of the coefficient of determination (R^2).

The ordinal data employed in this study do not meet all the assumptions of regression and correlation analysis, as was discussed in Chapter III. However, useful information may be developed through regression analysis on ordinal data. Through this analysis indications of the presence of associations and functional relationships may be seen. But there are caveats. Tests of significance are inappropriate. In the equations that are developed, it is necessary to view the predictor as a whole and not element by element. The beta coefficients are not meaningful in themselves because of (1) the inability to test for significance, and (2) the multicollinearity of the independent variables. The

regression equations, viewed as a whole, however, can be used to predict the relative success of the properties.

The associations among the variables and the regression equations from the data generated by the Directors of Sales are presented first. Then the associations and equations from the data generated by the General Managers are presented. Finally, the associations and equations from the data generated by the Director of Sales and General Manager combined, are presented.

Associations and Predictors - Directors of Sales

The ranks of each of the 11 properties on each of the 15 variables through information generated in the interviews with the Directors of Sales are presented in Table 4:1, page 113. The hotels are disguised (as was promised) and arranged in order of success (the dependent variable). Independent variables are labeled with abbreviations used in the computer program and described in Chapter III.

Three points may be noted. First, no hotel rates very high or very low on all variables. Second, properties C and E rank appreciably lower on the independent variables than they do on the dependent variable. Conversely, Properties I, J, and L tend to rank appreciably lower on the independent variables than they do on the dependent variable. Third, Hotel K is not included. (At the time of the interviews, this property did not have a Director of Sales.)

TABLE 4:1
RANKS OF DIRECTORS OF SALES

HOTEL	A	B	C	D	E	F	G	H	I	J	L
SUCCES	1	2	3	4	5	6	7	8	9	10	11
VALPOB	2	2	6	2	6	9.5	6	11	6	6	9.5
SACOBJ	8	1	11	4.5	10	4.5	8	2.5	2.5	8	6
SDPLAN	4	4	7	4	11	1.5	6	8	1.5	9.5	9.5
TMKTDF	8.5	5.5	5.5	2	5.5	2	2	5.5	10	11	8.5
VISENV	4.5	2	6	2	2	11	10	7.5	7.5	9	4.5
SOFBUS	3	7	10	3.5	7	7	3	7	3	3	3
PERCWT	2.5	1	10.5	2.5	10.5	9	7	5	6	8	4
AGDETW	8	4.5	4.5	3.5	9.5	3	6	1	9.5	2	7
BMARAN	1	6	5	8.5	8.5	8.5	4	2	3	8.5	8.5
EGPPRO	5.5	2	8	2	8	10.5	5.5	8	10.5	2	4
DETHPF	4.5	1	8.5	2.5	8.5	2.5	8.5	4.5	6	8.5	8.5
INNOVA	3	1	10	2	5	4	8	9	6	7	11
VISTPR	1	3	7	4	9	5	10	6	8	2	6
CMTYIN	8.5	8.5	8.5	3.5	11	6	3.5	6	6	1	2

The fact that no hotel rates very high or low on all variables is not surprising. It is quite unlikely that a property would be very strong or very weak in every single area. Some of the executives may have had particular strengths or weaknesses in a few areas that by themselves do not reflect the overall approach taken by that property. Also some of the scores may be less accurate than others.

The fact that some properties rank appreciably lower on the independent variables than they do on the dependent variable (and vice versa) could be attributable to "lesser" executives at "good" hotels, or conversely "good" executives at "lesser" hotels. That is, the right property might be at the right place at the right time and succeed in spite of the management's orientation. Conversely, a management with a seemingly appropriate orientation may not succeed as well as might be expected because the property itself has not been adjusted to reflect the orientation. For example, the property may be too big, or it may be dated with respect to physical plant and/or location.

The analysis that follows is based on the data presented in Table 4:1, page 113 and Table 4:2, page 115. These tables comprise data for the Directors of Sales of all properties in the study and for all properties excluding

TABLE 4:2
RANKS OF DIRECTORS OF SALES (REMOVING HOTEL C)

HOTEL	A	B	D	E	F	G	H	I	J	L
SUCES	1	2	3	4	5	6	7	8	9	10
VALPOB	2	2	2	5.5	8.5	5.5	10	5.5	5.5	8.5
SACOBJ	8	1	4.5	10	4.5	8	2.5	2.5	8	6
SDPLAN	4	4	4	10	1.5	6	7	1.5	8.5	8.5
TMKTDF	7.5	5	2	5	2	2	5	9	10	7.5
VISENV	4.5	2	2	2	10	9	6.5	6.5	8	4.5
SOFBUS	2.5	7.5	3	7.5	7.5	2.5	7.5	2.5	2.5	2.5
PERCWT	2.5	1	2.5	10	9	7	5.5	5.5	8	4
AGDETW	7	4	3	8.5	3	5	1	8.5	2	6
BMARAN	1	5	8	8	8	4	2	3	8	8
EGPPRO	5.5	2	2	7.5	9.5	5.5	7.5	9.5	2	4
DETHPF	4.5	1	2.5	8.5	2.5	8.5	4.5	6	8.5	8.5
INNOVA	3	1	2	5	4	8	9	6	7	10
VISTPR	1	3	4	8	5	9	6	7	2	6
CMTYIN	8.5	8.5	3.5	10	6	3.5	6	6	1	2

Hotel C.¹

Correlations of Independent Variables and Success

The zero-order correlations (ρ 's) of the independent variables with success including and excluding property C are presented in Table 4:3, page 117. The correlations when all properties are included, shown in column 1, indicate that three of the variables -- VALPOB (.69), INNOVA (.63), and CMTYIN (-.70) have the greatest association with success. Other variables which are associated, but to a lesser degree, are VISENV (.48), SOFBUS (-.41), and DETHPF (.48). The remaining variables do not seem to be associated with success.

The removal of Hotel C had a significant impact on the correlations in three cases, most notably that of INNOVA, changing the ρ from .63 to .85. The others are DETHPF (from .48 to .63) and PERCWT (from .22 to .38 - still a low degree of correlation). The removal of property C also improved the (still slight) association

¹Property C was excluded from the analysis because: (1) the nature of the operation of this property was quite different from that of the other properties in the study, (2) the level of the individual interviewed was different than that of the others interviewed (Sales Representative rather than Director of Sales), and (3) the ranking of this property with respect to a number of variables was appreciably "out of step" relative to the other properties. That is, though it ranked high on the dependent variable, it ranked low on most of the independent variables. The removal of property C, of course, required a new data matrix since the rankings of all properties rating equal to or below property C were affected.

TABLE 4:3

ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT
VARIABLES WITH SUCCESS

	SUCCESS*	SUCCESS**
VALPOB	.69	.71
SACOBJ	-.12	.01
SDPLAN	.33	.34
TMKTDF	.37	.44
VIENV	.48	.48
SOFBUS	-.41	-.31
PERCWT	.22	.38
AGDETW	-.09	-.11
BMARAN	.25	.24
EGPPRO	.09	.12
DETHPF	.48	.63
INNOVA	.63	.85
VISTPR	.30	.36
CMTYIN	-.70	-.70

* For ranks of Directors of Sales.

** For ranks of Directors of Sales - removing
Hotel C.

between TMKTDF and success from .37 to .44.

The implications of these results are developed in Chapter V. The relatively high negative correlation of community involvement and success would seem to be an improbable or an unexpected result, at best. This result suggests that the more involved the Director of Sales is in community and professional events, the less successful his property is apt to be. While this negative relationship is not impossible (i.e., the more time he spends in activities away from the hotel, the less time he has to devote to his job per se, with the result of a lower success ranking) it would certainly seem to be an unlikely relationship.² Two factors could, perhaps, partially explain this result: the use of inappropriate or erroneous measurement, and the fact that this information was sought at the end of the interview where executives felt some time pressures and may not have given a fully-developed response.

Prediction

The first predictor generated through step-wise multiple regression of the data presented in Table 4:1 is

²There is some disagreement on this point. It may be reasoned that when the market is not local, time spent in community activities is not productive for the firm (hotel).

presented in Table 4:4, page 120.³

This predictor has a standard error of estimate of 1.40. What this equation suggests, then, is that 88% of the total variance of the relative success of hotels is associated with or explained by these three variables. Because of the few cases studied, however, care must be exercised in interpreting the high R^2 . Because they would employ only variables that had seemingly more appropriate associations with relative success, it was felt that predictors excluding CMTYIN should also be developed. (This was done in several of the following equations as indicated.)

A regression equation excluding CMTYIN is presented in Table 4:5, page 121. This equation has a standard error of estimate of .62. 99% of the total variance in relative success is associated with or explained by these six variables. The same cautionary note about interpretation for this equation holds.

A predictor generated from the data in Table 4:2 is presented in Table 4:6, page 122. The standard error of estimate in this case is .35. 99% of the total variance

³In step-wise multiple regression the variable selected in the first step will be that with the largest zero-order correlation. In successive steps either variables with a high zero-order correlation or variables which have "suppressor value" will appear. A variable with suppressor value "purifies" the correlation of the variables already included by partialling out extraneous covariance. AGDETW is an example of a suppressor in the equation in Table 4:4. Variables are included if they add a minimum of .05 to R^2 .

TABLE 4:4

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN ALL CASES ARE INCLUDED (cf 4:1)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	CMTYIN	.70	.49	.49
2	VALPOB	.88	.78	.29
3	AGDETW	.94	.88	.10
Final equation: Relative success = 4.30 + .65 VALPOB + .40 AGDETW - .73 CMTYIN				

TABLE 4:5

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN ALL CASES ARE INCLUDED AND CMTYIN IS EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	VALPOB	.69	.48	.48
2	SOFBUS	.89	.79	.31
3	BMARAN	.91	.84	.05
4	TMKTDF	.94	.88	.04
5	VISTPR	.96	.92	.04
6	AGDETW	.99	.99	.07

Final equation: Relative success = .96 + .48 VALPOB + .52 TMKTDF - .72 SOFBUS
- .46 AGDETW + .31 BMARAN + .61 VISTPR

TABLE 4:6

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL C IS EXCLUDED (cf 4:2)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	INNOVA	.85	.73	.73
2	CMTYIN	.90	.82	.09
3	TMKTDF	.93	.86	.04
4	VALPOB	.96	.92	.06
5	VISTPR	.99	.99	.07

Final equation: Relative success = 1.43 + .57 VALPOB + .60 TMKTDF - .29 INNOVA
+ .54 VISTPR - .64 CMTYIN

of relative success is associated with or explained by these five variables.

When community involvement was excluded, four variables entered the regression equation as shown in Table 4:7, page 124. The standard error of estimate of this equation is .84. 96% of the total variance of relative success is associated with or explained by the four variables.

Associations and Predictors - General Managers

The rankings of the General Managers on each of the variables employed are presented in Tables 4:8, 4:9, and 4:10. Table 4:8, page 125, includes all General Managers interviewed. Table 4:9, page 126, excludes property K, because there was no Director of Sales interview for that property. Also the General Manager at this property was very new (his thinking and approach were quite out-of-step with the success record of his property - a "good" executive at a "lesser" hotel).⁴ Table 4:10, page 127, excludes both Hotel K and Hotel C. Hotel C was excluded because of the different nature of its operation. The same general observations made with respect to the data matrices for the Director of Sales interviews are applicable here.

⁴The turnover rate of hotel General Managers is frequently quite high. In this case, however, the history of the property precipitated a recent major change in orientation (and management). The success record of the property, therefore, was quite unrelated to the current management orientation.

TABLE 4:7
SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL C AND CMTYIN ARE EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	INNOVA	.85	.73	.73
2	BMARAN	.90	.80	.07
3	TMKTDF	.93	.87	.07
4	SDPLAN	.98	.96	.09

Final equation: Relative Success = -2.24 - .39 SDPLAN + .34 TMKTDF + .48
BMARAN + .98 INNOVA

TABLE 4:8

RANKS OF GENERAL MANAGERS

HOTEL	A	B	C	D	E	F	G	H	I	J	K	L
SUCCES	1	2	3	4	5	6	7	8	9	10	11	12
VALPOB	10.5	1.5	10.5	10.5	4	4	7.5	10.5	7.5	6	4	1.5
SACOBJ	8.5	1	5.5	10.5	12	3	8.5	4	2	10.5	5.5	7
SDPLAN	3.5	3.5	11	6	7	3.5	9.5	9.5	3.5	12	1	8
TMKTDF	11.5	6.5	1.5	6.5	6.5	11.5	9.5	9.5	3	1.5	6.5	4
WISENV	5	2.5	9.5	12	7	5	9.5	5	2.5	9.5	1	9.5
PERCWT	3	2	1	8	4	12	5	10.5	6.5	10.5	9	6.5
AGDETW	7	8	4	10	6.5	6	10	10	4	4	1.5	1.5
BMARAN	7	5	9.5	7	9.5	3.5	11.5	7	1.5	11.5	3.5	1.5
VISTPR	4	2	11	5	1	8	10	3	12	6	7	9
CMTYIN	6.5	6.5	2	6.5	10	1	12	10	3.5	6.5	10	3.5
RENVCH	9.5	6	6	7	6	1	12	2.5	5	2.5	4	9.5

TABLE 4:9
RANKS OF GENERAL MANAGERS
(REMOVING HOTEL K)

HOTEL	A	B	C	D	E	F	G	H	I	J	L
SUCCE	1	2	3	4	5	6	7	8	9	10	11
VALPOB	9.5	1.5	9.5	9.5	3.5	3.5	6.5	9.5	6.5	5	1.5
SACOBJ	7.5	1	5	9.5	11	3	7.5	4	2	9.5	6
SDPLAN	2.5	2.5	10	5	6	2.5	8.5	8.5	2.5	11	7
TMKTDF	10.5	6	1.5	6	6	10.5	8.5	8.5	3	1.5	4
VISENV	4	1.5	8.5	11	6	4	8.5	4	1.5	8.5	8.5
PERCWT	3	2	1	8	4	11	5	9.5	6.5	9.5	6.5
AGDETW	6	7	3	9	6	5	9	9	3	3	1
BMARAN	6	4	8.5	6	8.5	3	10.5	6	1.5	10.5	1.5
VISTPR	4	2	10	5	1	7	9	3	11	6	8
CMTYIN	6.5	6.5	2	6.5	9.5	1	11	9.5	3.5	6.5	3.5
RENVCH	8.5	5	5	7	5	1	11	2.5	4.5	2.5	8.5

TABLE 4:10

RANKS OF GENERAL MANAGERS
(REMOVING HOTELS C AND K)

HOTEL	A	B	D	E	F	G	H	I	J	L
SUCCES	1	2	3	4	5	6	7	8	9	10
VALPOB	9	1.5	9	3.5	3.5	6.5	9	6.5	5	1.5
SACOBJ	6.5	1	8.5	10	3	6.5	4	2	8.5	5
SDPLAN	2.5	2.5	5	6	2.5	8.5	8.5	2.5	10	7
TMKTDF	9.5	5	5	5	9.5	7.5	7.5	2	1	3
WISENV	4	1.5	10	6	4	8	4	1.5	8	8
PERCWT	2	1	7	3	10	4	8.5	5.5	8.5	5.5
AGDETW	5	6	8	5	4	8	8	2.5	2.5	1
BMARAN	6	4	6	8	3	9.5	6	1.5	9.5	1.5
VISTPR	4	2	5	1	7	9	3	10	6	8
CMTYIN	5.5	5.5	5.5	8.5	1	10	8.5	2.5	5.5	2.5
RENVCH	7.5	4.5	6.5	4.5	1	10	2.5	4	2.5	7.5

There seem to be some "good" executives at "lesser" hotels and "lesser" executives at "good" hotels.

Correlations of Independent Variables and Success

The zero order correlations of the independent variables with relative success for each of the three cases are presented in Table 4:11, page 129. It is clear that in the case of the General Managers, the associations of independent variables with relative success, as a rule, were weaker. The perception of customer wants was the most highly correlated factor in each of the first two cases (.61 and .62). This was also one of the most highly correlated factors in the third case(.53). This was the only variable that had such a marked degree of correlation with relative success in all three cases.

It is interesting to note the smaller, but more importantly, negative correlation between VALPOB and success as compared with the VALPOB and success correlation in the case of the Director of Sales. Also important, are the rapid improvement in the correlation of SDPLAN, the increase in the negative correlation of TMKTDF, and the improved correlation of VISTPR when Hotels K and C were removed. A much lower (as compared with the Directors of Sales) but still negative correlation of community involvement with success exists. The relatively high negative correlation

TABLE 4:11
ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT VARIABLES
WITH SUCCESS

	SUCCESS*	SUCCESS**	SUCCESS***
VALPOB	-.36	-.30	-.22
SACOBJ	-.01	.03	-.05
SDPLAN	.12	.41	.59
TMKTDF	-.33	-.36	-.59
WISENV	-.05	.17	.23
PERCWT	.61	.62	.53
AGDETW	-.55	-.41	-.54
BMARAN	-.31	-.14	-.15
VISTPR	.38	.39	.59
CMTYIN	.09	-.03	-.21
RENVCH	-.20	-.14	-.16

* For ranks of General Managers.

** For ranks of General Managers - removing Hotel K.

*** For ranks of General Managers - removing Hotels C and K.

of AGDETW with success seems to be a bit puzzling.⁵

Generally, then, the correlations in the case of the General Managers tended to be weaker than those in the case of the Directors of Sales. SDPLAN (.59), PERCWT (.53), and VISTPR (.59) behaved as was expected. TMKTDF (-.59) and AGDETW (-.54), however, showed results quite the opposite of what was expected.⁶

Prediction

Four predictor equations were developed from the General Manager data. The predictor equation generated from the data in Table 4:8, comprised seven variables. This equation is presented in Table 4:12, page 131. This estimator has a standard error of estimate of .91. 98% of the total variance of relative success is associated with or explained by these seven variables.

The predictor equation developed from Table 4:8, but with CMTYIN excluded is presented in Table 4:13, page 132. This equation has a standard error of estimate of 1.34.

⁵Wesley I. Schmidt, in his thesis for the degree of Ed. D. entitled The Study of the Origins, Education and Occupational Definition of Hotel Managers as Related to Career Patterns of Success (1961 - Michigan State University) grouped hotel men into "greeters" and "performers". He found they were divided about evenly between the two categories. The high negative correlation in the case of AGDETW would be typical of "greeters".

⁶One position which may be taken here is that a good General Manager will let his Director of Sales (or marketing executive) take care of those considerations included in TMKTDF and AGDETW. This would seem most likely with AGDETW.

TABLE 4:12

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN ALL CASES ARE INCLUDED (cf 4:8)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	PERCWT	.61	.37	.37
2	AGDETW	.80	.64	.27
3	CMTYIN	.87	.75	.11
4	VISTPR	.91	.83	.08
5	TMKTDF	.93	.86	.03
6	BMARAN	.95	.90	.04
7	SDPLAN	.99	.98	.08

Final equation: Relative success = $1.88 + .51 \text{ SDPLAN} - .11 \text{ TMKTDF} + .49$

$\text{PERCWT} - .52 \text{ AGDETW} - .62 \text{ BMARAN} + .24$

$\text{VISTPR} + .68 \text{ CMTYIN}$

TABLE 4:13

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN ALL CASES ARE INCLUDED AND CMTYIN IS EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	PERCWT	.61	.37	.37
2	AGDETW	.80	.64	.27
3	RENVCH	.86	.75	.11
4	TMKTDF	.90	.81	.06
5	WISENV	.94	.88	.07
6	SDPLAN	.97	.94	.06

Final equation: Relative success = .18 + .41 SDPLAN - .45 TMKTDF - .65 WISENV
+ 1.17 PERCWT - .36 AGDETW + .91 RENVCH

94% of the total variance of relative success is associated with or explained by these six variables.

The predictor generated from the data in Table 4:9, which reflects the elimination of Hotel K, is presented in Table 4:14, page 134. The standard error of estimate in this equation is 1.60. 88% of the total variance of relative success is associated with or explained by these five variables.

Community involvement did not enter into this predictor. Therefore, it was unnecessary to develop a separate predictor for this table excluding community involvement.

The predictor equation for the data in Table 4:10, that excluding Hotels K and C, is presented in Table 4:15, page 135. Again community involvement did not enter into the equation. Therefore only one predictor equation was developed for this data matrix. The standard error of estimate in this case is .77. 98% of the total variance of relative success is associated with or explained by these six variables.

These, then, are the associations and predictors that were developed through consideration of the interview data of the General Managers only. Consideration is given now to the associations and predictors generated from the combined Director of Sales and General Manager data for each property.

TABLE 4:14

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL K IS EXCLUDED (cf 4:9)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	PERCWT	.62	.39	.39
2	TMKTDF	.78	.61	.22
3	RENVCH	.84	.71	.10
4	WISENV	.89	.79	.08
5	SDPLAN	.94	.88	.09

Final equation: Relative success = .13 + .46 SDPLAN - .64 TMKTDF - .71 VISENV
+ 1.13 PERCWT + .80 RENVCH

TABLE 4:15

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTELS C AND K ARE EXCLUDED (cf 4:10)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	TMKTDF	.59	.35	.35
2	PERCWT	.78	.60	.25
3	VISTPR	.84	.71	.11
4	SDPLAN	.90	.81	.10
5	BMARAN	.96	.93	.12
6	RENVCH	.99	.98	.05

Final equation: Relative success = 4.20 + 1.06 SDPLAN - .08 TMKTDF - .29

PERCWT - .56 BMARAN + .58 VISTPR -

.49 RENVCH

Associations and Predictors - Directors of Sales and
General Managers Combined

This discussion is presented in two sections. The first section is based on a combination accomplished through the determination of total points for each property. The score on each variable for the Director of Sales and the General Manager were added. These total points were ranked to arrive at a property rank. The second section is the analysis based on a ranking of the ranks. The ranks of the Director of Sales and the General Manager on a particular variable were averaged. Each property was then ranked on the basis of its average rank as was discussed in Chapter III.

Because a Director of Sales was not interviewed for Hotel K, it is not included in this section. Each section is based on two data matrices. One presents data for the case of all properties excluding Hotel K. The other presents data for all properties excluding Hotel K and removing Hotel C.

Correlations of Independent Variables and Success --
Base-Total Points

Rankings of the properties based on the material generated in the interviews with both the Directors of Sales and General Managers are presented in two tables. Those presented in Table 4:16, page 137, exclude Hotel K. Rankings presented in Table 4:17, page 138, are those for all properties excluding Hotels C and K. The zero order

TABLE 4:16

RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED
 - TOTAL POINTS -
 (HOTEL K NOT INCLUDED)

HOTEL	A	B	C	D	E	F	G	H	I	J	L
SUCCES	1	2	3	4	5	6	7	8	9	10	11
VALPOB	3.5	1	10	3.5	5	8	8	11	8	6	2
SACOBJ	7.5	1	9	6	11	3	7.5	4	2	10	5
SDPLAN	3.5	3.5	7	5	8	1.5	6	9.5	1.5	11	9.5
TMKTDF	11	7.5	1.5	1.5	7.5	4.5	3	10	7.5	4.5	7.5
WISENV	2.5	1	8	4.5	2.5	9	11	6.5	4.5	10	6.5
PERCWT	3	1	2	5	9	11	4	8	7	10	6
AGDETW	7	6	3	4.5	7.5	2	8.5	5	8.5	1	4
BMARAN	2	6.5	8	9	10	6.5	5	4	1	11	3
VISTPR	1	3	8	4	5	6	10	7.5	9	2	7
CMTYIN	8	8	5	5	11	2.5	10	8	5	1	2.5

TABLE 4:17

RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED
 - TOTAL POINTS -
 (HOTEL K NOT INCLUDED: REMOVING HOTEL C)

HOTEL	A	B	D	E	F	G	H	I	J	L
SUCES	1	2	3	4	5	6	7	8	9	10
VALPOB	3.5	1	3.5	5	8	8	10	8	6	2
SACOBJ	7.5	1	6	10	3	7.5	4	2	9	5
SDPLAN	3.5	3.5	5	7	1.5	6	8.5	1.5	10	8.5
TMKTDf	10	6.5	1	6.5	3.5	2	9	6.5	3.5	6.5
VISENV	2.5	1	4.5	2.5	8	10	6.5	4.5	9	6.5
PERCWT	2	1	5	8	10	4	3	7	9	6
AGDETW	6	5	4.5	6.5	2	7.5	4	7.5	1	3
BMARAN	2	6.5	8	9	6.5	5	4	1	10	3
VISTPR	1	3	4	5	6	9	6.5	8	2	7
CMTYIN	7	7	4.5	10	2.5	9	7	4.5	1	2.5

correlations generated from these data are presented in Table 4:18, page 140.

In general, the associations tended to be fairly weak. Exceptions were the association of success with PERCWT, VISENV, SDPLAN, VISTPR, and CMTYIN.

Those variables with the highest correlations tend to have the common characteristic of being future oriented - SDPLAN, VISENV, PERCWT, and VISTPR. A possible exception to this generalization is perception of customer wants, which has a present as well as future orientation.

Prediction

Two predictor equations were developed from the data presented in Table 4:16. One included and the other excluded community involvement. The first predictor is presented in Table 4:19, page 141. The standard error of estimate in this case is 1.20. 93% of the total variance in relative success is associated with or explained by these five variables.

The predictor generated from the same data, but with CMTYIN excluded, is presented in Table 4:20, page 142. The standard error of estimate in this case is 2.07. 81% of the total variance in relative success is associated with or explained by five variables.

A predictor developed from the combined data in Table 4:17, that excluding Hotel C, is presented in Table 4:21, page 143. The standard error of estimate in this

TABLE 4:18

ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT
VARIABLES WITH SUCCESS

	SUCCESS*	SUCCESS**
VALPOB	.22	.36
SACOBJ	-.05	.00
SDPLAN	.46	.50
TMKTDF	.01	-.12
VIENV	.53	.65
PERCWT	.61	.49
AGDETW	.19	.34
BMARAN	-.12	-.11
VISTPR	.42	.52
CMTYIN	-.47	-.52

* For Directors of Sales and General Managers combined - total points - Hotel K not included.

** For Directors of Sales and General Managers combined - total points - Hotel K not included; removing Hotel C.

TABLE 4:19

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL K IS EXCLUDED (cf 4:16)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	PERCWT	.61	.37	.37
2	VISTPR	.73	.53	.16
3	SDPLAN	.81	.66	.13
4	CMTYIN	.87	.76	.10
5	AGDETW	.97	.93	.17

Final equation: Relative success = $-1.66 + .58 \text{ SDPLAN} + .42 \text{ PERCWT} + 1.04$

$\text{AGDETW} + .35 \text{ VISTPR} - .95 \text{ CMTYIN}$

TABLE 4:20

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL K AND CMTYIN ARE EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	PERCWT	.61	.37	.37
2	VISTPR	.73	.53	.16
3	SDPLAN	.81	.66	.13
4	SACOBJ	.87	.75	.09
5	VALPOB	.90	.81	.06

Final equation: Relative success = $-.83 - .33 \text{ VALPOB} - .30 \text{ SACOBJ} + .55$

$\text{SDPLAN} + .62 \text{ PERCWT} + .64 \text{ VISTPR}$

TABLE 4:21

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTELS C AND K ARE EXCLUDED (cf 4:17)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	VIENV	.65	.42	.42
2	CMTYIN	.71	.51	.09
3	VISTPR	.81	.66	.15
4	SDPLAN	.94	.89	.23

Final equation: Relative success = 2.51 + .55 SDPLAN - .11 VIENV + .80

VISTPR - .64 CMTYIN

case is 1.36. 89% of the total variance in relative success is associated with or explained by these four variables.

A second predictor was developed from Table 4:17. CMTYIN was excluded from this equation which is presented in Table 4:22, page 145. The standard error of estimate here is 1.21. 93% of the total variance in relative success is associated with or explained by these five variables.

Correlations of Independent Variables and Success -- Base-Average Rank

A combination of the Director of Sales and General Manager interview data accomplished on the basis of average ranks is presented in Table 4:23, page 146. Hotel K is not included. The data in Table 4:24, page 147, include all properties except Hotels C and K. Correlations of the independent variables with success in these two cases are presented in Table 4:25, page 148. This combination on the basis of average rank eliminates the impact of an especially insightful or myopic executive. It is, therefore, not surprising to see that some of the combined data correlations were weakened. Exceptions are VISTPR, CMTYIN, and AGDETW. The latter two have an increased negative correlation.

Prediction

Two predictors were generated from the data presented in Table 4:23. The first is presented in Table 4:26,

TABLE 4:22

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTELS C AND K AND CMTYIN ARE EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	VIENV	.65	.42	.42
2	SDPLAN	.71	.50	.08
3	SACOBJ	.79	.62	.12
4	PERCWT	.88	.77	.15
5	BMARAN	.96	.93	.16

Final equation: Relative success = 1.39 - .46 SACOBJ + .84 SDPLAN + .21

VIENV + .66 PERCWT - .50 BMARAN

TABLE 4:23

RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED
 - RANK POINTS -
 (HOTEL K NOT INCLUDED)

HOTEL	A	B	C	D	E	F	G	H	I	J	L
SUCCES	1	2	3	4	5	6	7	8	9	10	11
VALPOB	5.5	1	10	5.5	2	9	7.5	11	7.5	3.5	3.5
SACOBJ	7.5	1	9	6	11	4	7.5	3	2	10	5
SDPLAN	3.5	3.5	9.5	5	9.5	1.5	6	7.5	1.5	11	7.5
TMKTDF	11	4.5	1	2	4.5	7	3	10	9	7	7
VISENV	3	1	8	6.5	2	9	11	5	4	10	6.5
PERCWT	2.5	1	5	3.5	8.5	11	6	8.5	7	10	3.5
AGDETW	8	6	2	5	7	3.5	9	5	7	1	3.5
BMARAN	2	5	7	5	10	6	8.5	3	1	11	4
VISTPR	1.5	1.5	8	4	5	6	9.5	7	9.5	3	7
CMTYIN	8.5	8.5	6	5	11	2	7	10	4	3	1

TABLE 4:24

RANKS OF DIRECTORS OF SALES AND GENERAL MANAGERS COMBINED
 - RANK POINTS -
 (HOTEL K NOT INCLUDED; REMOVING HOTEL C)

HOTEL	A	B	D	E	F	G	H	I	J	L
SUCCES	1	2	3	4	5	6	7	8	9	10
VALPOB	5.5	1	5.5	2	8	8	10	8	4	3
SACOBJ	7.5	1	6	10	4	7.5	3	2	9	5
SDPLAN	3.5	3.5	5	9	1.5	6	7.5	1.5	10	7.5
TMKTDF	10	3.5	1	3.5	8	2	9	6.5	6.5	5
VISENV	4	1	6	2.5	8	10	5	2.5	9	7
PERCWT	2	1	3.5	7	10	5.5	8	5.5	9	3.5
AGDETW	7	5	4.5	6	2.5	8	4	6	1	2.5
BMARAN	2	4	8	9	6	7	8	1	10	5
VISTPR	1.5	1.5	4.5	4.5	6	9	7	8	3	7
CMTYIN	7.5	7.5	5	10	3	6	9	4	2	1

TABLE 4:25

ZERO-ORDER CORRELATIONS (ρ 's) OF INDEPENDENT
VARIABLES WITH SUCCESS

	SUCCESS*	SUCCESS**
VALPOB	.08	.22
SACOBJ	-.06	-.02
SDPLAN	.25	.39
TMKTDF	.26	.08
VISENV	.43	.46
PERCWT	.52	.48
AGDETW	-.31	-.51
BMARAN	.03	.20
VISTPR	.51	.61
CMTYIN	-.54	-.62

* For Directors of Sales and General Managers combined - rank points - Hotel K not included.

** For Directors of Sales and General Managers - rank points - Hotel K not included; removing Hotel C.

page 150. The standard error of estimate in this case is .77. 99% of the total variance in relative success is associated with or explained by these eight variables.

The predictor for relative success based on the same data, but with CMTYIN excluded is presented in Table 4:27, page 151. The standard error of estimate in this case is .97. 98% of the total variance in relative success is associated with or explained by these eight variables.

Two predictors were developed from the data in Table 4:24. The first equation is given in Table 4:28, page 152. The standard error of estimate here is .93. 96% of the total variance in relative success is associated with or explained by these five variables.

The equation with CMTYIN excluded is presented in Table 4:29, page 153. The standard error of estimate in this case is 1.04. 93% of the total variance in relative success is associated with or explained by these four variables.

Summary

This chapter has been devoted to presenting the associations and predictors for the Directors of Sales, General Managers, and the combined Directors of Sales and General Managers data. A few fairly strong associations were seen, and a number of relatively weak associations were found. Implications of these associations and predictors are discussed in the next chapter.

TABLE 4:26

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL K IS EXCLUDED (cf 4:23)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	CMTYIN	.54	.29	.29
2	PERCWT	.69	.48	.19
3	VISTPR	.75	.56	.08
4	VALPOB	.81	.66	.10
5	TMKTDF	.88	.78	.12
6	SDPLAN	.93	.87	.09
7	SACOBJ	.97	.93	.06
8	AGDETW	.99	.99	.06

Final equation: Relative success = $-.86 - .10 \text{ VALPOB} - .74 \text{ SACOBJ} + 1.25$
 $\text{SDPLAN} + .24 \text{ TMKTDF} + .47 \text{ PERCWT} + 1.01$
 $\text{AGDETW} + .11 \text{ VISTPR} - .95 \text{ CMTYIN}$

TABLE 4:27

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTEL K AND CMTYIN ARE EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	PERCWT	.52	.27	.27
2	VISTPR	.63	.39	.12
3	VALPOB	.73	.53	.14
4	TMKTDF	.81	.65	.12
5	AGDETW	.91	.82	.17
6	VIENNV	.94	.89	.07
7	SACOBJ	.95	.90	.01
8	BMARAN	.99	.98	.08

Final equation: Relative success = $-9.29 - .34 \text{ VALPOB} - .53 \text{ SACOBJ} + 1.59$

$\text{TMKTDF} - .04 \text{ VIENNV} - .67 \text{ PERCWT} - .70$

$\text{AGDETW} + 1.61 \text{ BMARAN} + 1.63 \text{ VISTPR}$

TABLE 4:28

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTELS C AND K ARE EXCLUDED (cf 4:24)

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	CMTYIN	.62	.38	.38
2	VISTPR	.79	.62	.24
3	SDPLAN	.91	.82	.20
4	WISENV	.94	.89	.07
5	TMKTDF	.98	.96	.07

Final equation: Relative success = $2.77 + .64 \text{ SDPLAN} + .27 \text{ TMKTDF} - .39$

$\text{WISENV} + .76 \text{ VISTPR} - .74 \text{ CMTYIN}$

11-11-11

TABLE 4:29

SUMMARY OF INCREASES IN MULTIPLE CORRELATION USING STEPWISE REGRESSION
WHEN HOTELS C AND K AND CMTYIN ARE EXCLUDED

STEP NUMBER	VARIABLE ENTERED	MULTIPLE R	MULTIPLE R ²	INCREASE IN R ²
1	VISTPR	.61	.37	.37
2	AGDETW	.86	.73	.36
3	SDPLAN	.89	.80	.07
4	BMARAN	.97	.93	.13

Final equation: Relative success = 5.12 + .70 SDPLAN - .89 AGDETW - .62

BMARAN + .84 VISTPR

CHAPTER V

MANAGEMENT AND RESEARCH IMPLICATIONS OF THE FINDINGS

Introduction

The purpose of this chapter is threefold. First, factors deserving further evaluation and investigation by management and researchers are discussed. Second, action implications of the findings for hotel executives are suggested. These discussions are based upon the correlation of the independent variables singly and as a group with success. Third, the research and management implications of the predictors developed in the previous chapter will be considered.

Summary of Associations

The relationships of specific variables with success are summarized in Table 5:1, page 155. The independent variables are arranged in an order approximating a hierarchy of association or mutual variation with relative success. The most closely associated independent variables are presented first.

The variables are arranged into three groups. The first group comprises those seven variables which have a fairly strong association with relative success. The second group contains four variables that have only a weak

SUMMARY OF ZERO ORDER CORRELATIONS OF INDEPENDENT VARIABLES WITH SUCCESS

Variable	Directors of Sales			General Managers			Sales and General Managers Combined			Directors of Sales and General Managers Combined		
	I	II	III	IV	V	VI	VII	VIII	IX			
1. INNOVA	.63	.85										
2. VALPOB	.69	.71	-.31	-.30	-.22	.22	.36	.08	.22			
3. CNTVIN	-.70	-.70	-.09	-.03	-.21	-.47	-.52	-.54	-.62			
4. DETHPF	.48	.63										
5. PERCWT	.22	.38	.61	.62	.53	.61	.49	.52	.48			
6. VISENV	.48	.48	-.05	.17	.23	.53	.65	.43	.46			
7. VISTPR	.30	.36	.38	.39	.59	.42	.52	.51	.61			
8. SDPLAN	.33	.34	.12	.41	.59	.46	.50	.25	.39			
9. TTKTDF	.37	.44	-.33	-.36	-.59	.01	-.12	.26	.08			
10. SOFBUS	-.41	-.31										
11. AGDETW	-.09	-.11	-.55	-.41	-.54	-.19	-.34	-.31	-.51			
12. SACOBJ	-.12	.01	-.01	.03	-.05	-.05	.00	-.06	-.02			
13. BMARAN	.25	.24	-.31	-.14	-.15	-.12	-.11	.03	.20			
14. EGPPRO	.09	.12										
15. RENVCH			-.20	-.14	-.16							

I = for ranks of Directors of Sales.
 II = for ranks of Directors of Sales--removing Hotel C.
 III = for ranks of General Managers.
 IV = for ranks of General Managers--removing Hotel K.
 V = for ranks of General Managers--removing Hotels C and K.
 VI = for Directors of Sales and General Managers combined--total points--Hotel K not included.
 VII = for Directors of Sales and General Managers combined--total points--Hotel K not included; removing Hotel C.
 VIII = for Directors of Sales and General Managers combined--rank points--Hotel K not included.
 IX = for Directors of Sales and General Managers combined--rank points--Hotel K not included; removing Hotel C.

Table 5:1

to moderate association with success. The third group comprises four variables which have no apparent association with success.

Variables with Highest Associations with Success

The findings in general, lead to the conclusion that the marketing philosophy is a valuable orientation for hotel executives. Further research must be done to determine the significance of the relationship of this philosophy and success.

This discussion is organized to reflect the three areas of concern suggested as most meriting further research attention and management evaluation. They are innovation, the marketing philosophy, and a future orientation. Action implications are also suggested. The most important variables, all of which reflect the marketing philosophy, are: INNOVA, VALPOB, DETHPF, PERCWT, VISENV, and VISTPR.¹

Innovation

The one variable that is most closely associated with relative success is INNOVA -- innovation. The high

¹The nature of the association of community involvement (CMTYIN) with success was discussed in Chapter IV. The research results do not establish that community involvement and success are directly related. Logic, however, suggests that the strong negative correlations indicated are at least open to question. The explanation suggested in Chapter IV indicates a rationale that may account for this result.

correlation (.85) of innovation with relative success suggests that it is important for management to evaluate this factor.

The high association of innovation with relative success could mean that hotel executives who employ innovation aggressively create a higher probability of success for their hotels. A review of the innovation index in Chapter III will show that aggressive rather than a follower-type innovation is most highly rewarded. It is important for management to consider new "things". It is more important to follow a planned, programmed search for new concepts in order to satisfy new and changing markets better.

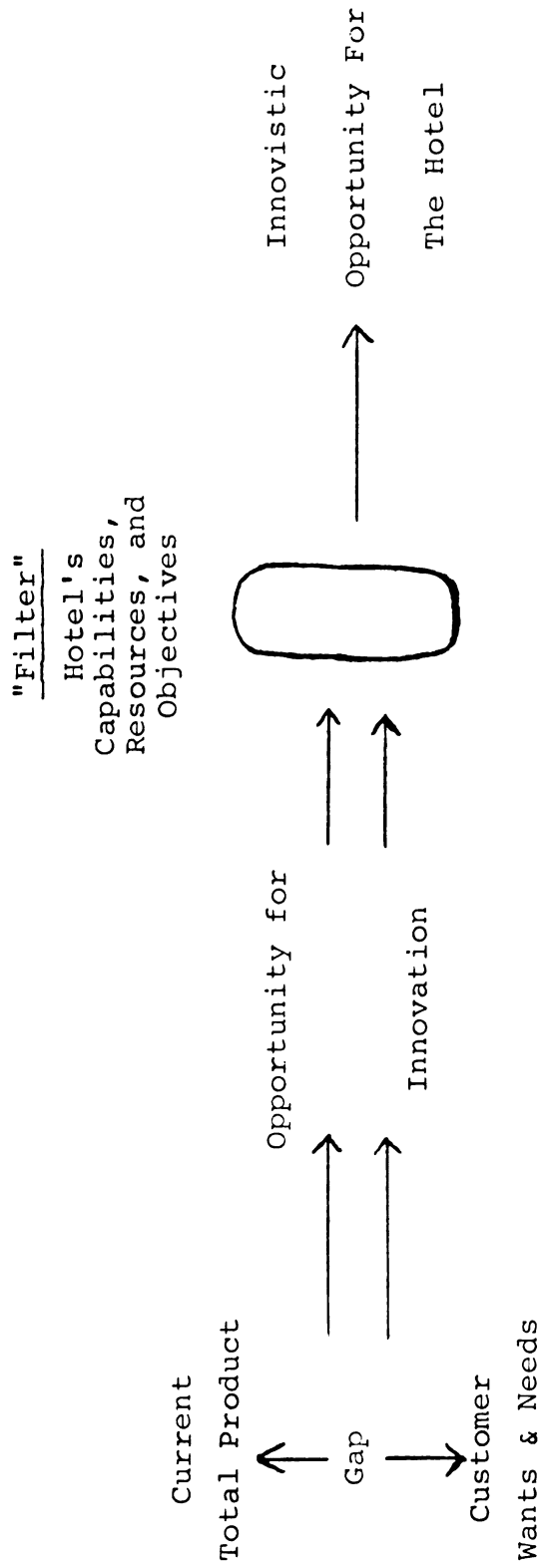
How might this suggestion be applied? One way is suggested in Chapter II which discussed Cribbin's simplistic but useful question and answer approach. The innovation index reflects the importance of following a program of "gap-perception" or opportunity assessment. That is, what does the present and potential meeting-convention customer want in a meeting-convention environment versus what he is now being offered. The difference between what is wanted and what is offered, a difference which exists in many markets, may be considered a "gap" in the market. Hotels could develop the opportunities represented by these gaps.

When the hotel executive perceives a gap, he should evaluate the capabilities and resources needed to satisfy it. Once such viable markets can be identified, an

assessment of present capabilities and resources can establish if they are sufficient to cultivate the market. If not, consideration can be given to developing the capability to cultivate this market.² Figure 5:1, page 159 is a representation of gap analysis.

Hotel executives should be aggressively seeking "gaps" in the market, rather than waiting for them to become evident. An example is Holiday Inn's perception of a gap - a desire for simple, clean, and reasonably priced lodging facilities. Holiday Inn saw this as an unsatisfied market, and its success is obvious. Their innovative concept was aggressively determined and pursued. Other hotel corporations were caught unaware. Other examples of gaps that have been perceived by hotel corporations would be: (1) the all business no play one day meeting center concept; (2) the increasing value of time -- hence the airport property and its success; (3) executive towers -- a hotel within a hotel; and (4) the increasing emphasis on the educational-instructional nature of some meetings and seminars -- hence the creation of an environment that aids instruction and information exchange. Learning centers within or adjacent to hotel properties have been developed. These developments were discussed in Chapter II.

²This discussion is adapted from Eugene J. Kelley and William Lazer, "Managing Innovation in Marketing," in Kelley and Lazer, editors, Managerial Marketing: Perspectives and Viewpoints, (third edition; Homewood, Illinois: Richard D. Irwin, Inc., 1967), pp. 275-283.



GAP ANALYSIS

FIGURE 5:1

Adapted from Eugene J. Kelley and William Lazer, op. cit., page 281.

The Marketing Philosophy

The findings suggest that firms may succeed in the absence of the marketing philosophy. However, the data also suggest an interrelationship of this approach and success. The significance of this interrelationship must be determined through further research, a point developed in Chapter VI.

A fairly high correlation of the marketing philosophy with success was found through consideration of how an executive evaluates a piece of business (VALPOB). This occurred in the analysis of the Director of Sales data ($\gamma = .69$, $\gamma = .71$). In the analysis of the data from the General Managers a much smaller but more importantly, a negative correlation was found. This suggests lesser importance of the marketing philosophy orientation with respect to the evaluation of a piece of business. Since the Director of Sales is closest to a piece of business and is the man who, commonly, makes the decision about the relative desirability of differing pieces of business, the finding is not surprising.

Aggressiveness shown in the determination of hotel performance with an in-house group (DETHPF) has a moderate correlation with success. This aggressiveness reflects a very active concern for customer satisfaction. It is related to the gap perception discussed above. It suggests active concern for customer satisfaction should not cease once a piece of business is booked.

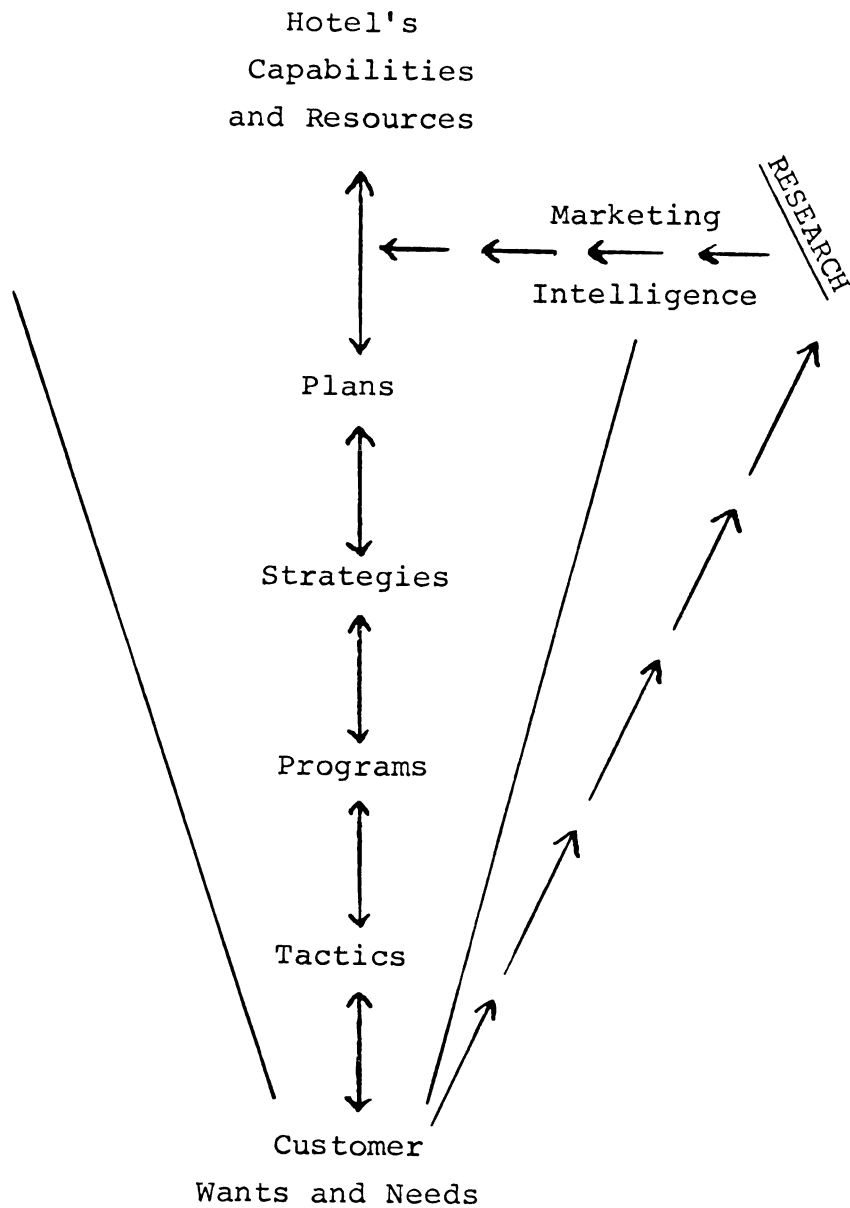
DETHPF should be easy to implement in a hotel's marketing mix. People other than the Director of Sales himself such as Sales Representatives and/or Convention Coordinators could certainly perform this task. Obviously not all meetings and other functions need be attended but spot checks can be made.

The marketing philosophy, as defined in Chapter I, is an attitude, or frame of mind,

" . . . within which companies look first to the market, then at themselves to ascertain the intersection of customers' wants and needs with company resources and determine where profitable market opportunities lie. . . ."³

An action-oriented model which reflects this approach is presented in Figure 5:2, page 162. It lends direction to hotel executives for the implementation and application of the marketing philosophy and the innovation inherent therein. The focus here is the customer -- his wants and needs, aggressively determined by the firm (hotel) through research (internal or external). This information about customer wants and needs, is then made useful to the hotel's executives through marketing intelligence. Having determined that a profitable opportunity does exist for the firm, the executive then designs the plans, strategies, programs and tactics to best satisfy that market and meet the firm's objectives. The double-headed arrows reflect the continual adjustments that a hotel must make in order

³Chapter I, page 14.



THE MARKETING PHILOSOPHY IN ACTION

FIGURE 5:2

to best "tailor" its offering.⁴

How an executive perceives a customer's wants (PERCWT) is related to the success of the hotel. A General Manager who perceives customer wants in terms of satisfiers rather than dissatisfiers (as discussed in Chapter III) tends to be relatively more successful. An interesting, and surprising, finding is that apparently there is little association between the Director of Sales want perception and success. One would expect this notion to be quite important for the Director of Sales.

Correlations of .61 and .62 exist between PERCWT and success of the General Managers. What action implications could this suggest for the hotel executive? This finding suggests that it is important, for General Managers, when defining wants and needs to consider more than those items that the customer expects in a hotel. Dissatisfiers or "expecteds", such as cleanliness, for example, do not generate positive feelings for a hotel when they are present. On the other hand, if they are absent negative feelings are generated. Thus, the executive who perceives customer wants in a framework of dissatisfiers, apparently is more concerned with the prevention of negative feelings. He should be more concerned with the generation of positive feelings. The latter is a result of perceiving and

⁴This discussion and model are adapted from William Lazer and Philip R. Tyler, "Modern Marketing," Synopsis, March-April, 1970, pp. 37-47.

satisfying the satisfier type wants.

A satisfier framework in consideration of customer wants suggests a systems approach. Here, the customer's objectives or purposes are considered. An example cited in Chapter III is a successful meeting. A meeting planner whose charge is to plan, arrange, and execute a seminar designed to instruct or inform participants of some technology or methodology will be evaluated on the basis of how well he does indeed meet this objective. The hotel, too, will be evaluated on how well it helps meet these objectives.

A procedure of successive focusing would appear useful. Figure 5:3, page 165, presents a schematic of this notion. The example included in this diagram is only suggestive. Here, the satisfier is a successful meeting. The dissatisfiers comprise those factors in the column on the far right.

The hotel executive could improve his successfulness by focusing first on the systemic satisfier (a successful meeting). Second he would focus on the want subsystems - arrival and departure, learning and pleasure environments; and thirdly, on operationalizing to generate customer satisfying action.

Each successive focus narrows the field to be scrutinized. Ultimately the appropriate tactical actions should come into focus.

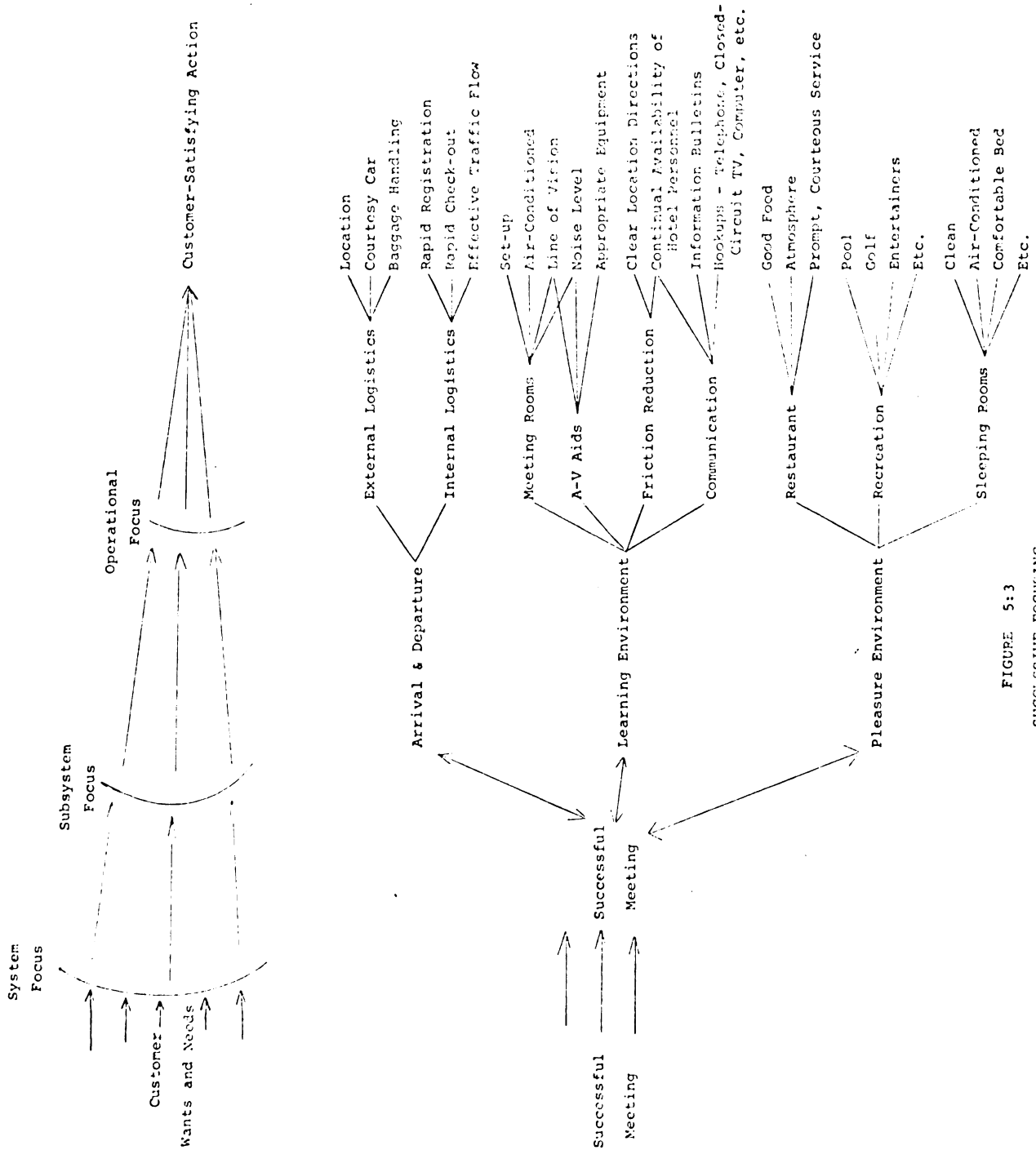


FIGURE 5:3
SUCCESSIVE FOCUSING

Future Orientation

The findings, not surprisingly, indicate that the hotel management body should actively evaluate, and plan for the future of their property, and the lodging industry. (This concern was reflected in Chapter II in the discussion of the future environment of the hotel. Operation Break-through was cited as being particularly pointed and useful in this respect.)

Two variables had similar patterns of mutual variation with success. They were (1) the breadth and depth of consideration of future environmental changes (VISENV), and (2) the breadth and level of consideration of future changes (adjustments) in a hotel's total product (VISTPR). There was negligible, or, at best, moderate mutual variation with success with both of these variables. This was so for the Director of Sales only or the General Manager only.

When the data were considered in combined form (Director of Sales and General Manager) the correlation improved. This suggests that it may be the concern and thought evidenced by the management structure (General Manager and Director of Sales) rather than the consideration of these elements by the individual executives that is associated with success.

The seven variables which have the greatest mutual variation with success include five of the seven variables that have futuristic implications. These five are INNOVA,

VALPOB, VISENV, VISTPR, and, perhaps, PERCWT. (The other two are SDPLAN, and SACOBJ.) One underlying theme of all of them is consideration of the future and adjustments necessary for the future. This factor is certainly consonant with the marketing philosophy.

What action implications could this have for the hotel executive? Considerations meriting executive attention are suggested. Considerations here would include future possible environments, problems and opportunities, and the future implications of present actions.

For example, the importance of active and regular executive consideration of possible changes in the technological, political, legal, economic, and competitive environments is suggested. The direct as well as the indirect effect upon the hotel of environmental changes should be considered. Clearly, future problems may well be developed into opportunities to be siezed.

The future implications of present actions should be evaluated. There are at least three factors an executive should consider. The first factor is the future impact of serving particular markets and customers now. Will this result in a solid, profitable franchise? Or will there be image-created shackles retarding successful entry into other, more lucrative (in the long run) markets?

A second factor is consideration of the future impact of present personnel policies. Do these policies invite desirable or undesirable legislation, political pressure,

publicity, and/or technology?

A third element is an evaluation of the future impact of present (marketing) programs. Are short run profits won at the expense of a long run profit?

Variables with Lesser Associations with Success

The findings are inconclusive with respect to those variables which, at best, reflect a moderate correlation with relative success. This group comprises SDPLAN, TMKTDF, SOFBUS and AGDETW.

Plans and programs that evidence specificity and direction(SDPLAN) is correlated moderately with relative success. A correlation of .59 was found in the case of the General Manager alone, excluding Hotels C and K. (This is, of course, the sixth of the seven future oriented variables included in the study. Therefore, six of the seven future oriented variables are included in the eight variables which had the highest association with relative success.) This correlation was lower than expected. It might reflect a hesitance on the part of the hotel executives to divulge plans or programs. This is one of the few variables in the study considered proprietary. The correlations reflect this possibility especially in the case for the Director of Sales. Sanctions from superiors were possible for him.

The association of the presence, clarity, and thoroughness of target market definition (TMKTDF) with

success was also moderate. The negative correlation in the case of the General Managers is particularly interesting. It begins to suggest that the less specific and thorough definition of his target market a General Manager has, the higher his relative success is apt to be. This might be explained by the fact that the General Manager is further removed from the target market than is the Director of Sales. This rationale, however, conflicts with the findings of the perception of customer wants (PERCWT). Two conclusions suggested by this finding are: (1) clarity and thoroughness of target market definition is not really interrelated with relative success, and (2) the notion of target market definition was not appropriately developed and/or scored. The latter seems to be the more likely and further research on this point is needed.

Weak correlations resulted in the cases of evidence of awareness of sources of business (SOFBUS) and aggressiveness shown in determination of customer wants (AGDETW). They can be explained on the same basis as TMKTDF.⁵ Scoring may have been inappropriate and/or the concepts may not have been as effectively and thoroughly developed with the executives as they might have been.

The third group of variables exhibit no association with success. The suggestion that the score of a hotel's

⁵ Another explanation for the findings with respect to AGDETW was presented in Chapter IV.

executives on these various variables is not at all associated or interrelated with the success of the hotel is clear. Neither executives nor researchers will find this suggestion satisfying.

There was little correlation between the specificity and content of objectives (SACOBJ) and success. This association may suffer from the same problem of the specificity and direction of plans and/or programs (SDPLAN) variable -- that of being proprietary. However, this explanation is less likely to be correct than was the case for SDPLAN. It is likely that the discussion of SACOBJ was not appropriately developed and/or properly scored.

There is very little association between the degree of consideration and employment of basic marginal analysis in room rate determination (BMARAN) and success. An explanation is that very few of the executives interviewed seemed to fully comprehend the question even with explanations.

No association was found between evidence of active evaluation of group business profitability (EGPPRO) and success. The interviews tended to be unclear here. Almost all properties indicated that they did keep separate evaluations.

Finally, no association between breadth and depth of consideration of recent environmental changes and their impacts (RENVCH) and relative success was determined. This may well reflect the actual case in that considerations of

the past may be much less important than (as discussed above) considerations of the future.

Implications of Predictors

The general implication of the development of predictors is that the relative success of a number of properties may be forecasted effectively. The inputs to these predictors are the thoughts and approaches taken by executives of those hotels. Viewing the predictors as a whole, statements may be made as to the relative success of properties whose executives have been studied.

Predictors of relative success which include community involvement and other negatively correlated independent variables are not satisfactory. The researcher believes that the negative correlations are likely due more to problems in data collection and/or measurement than to an expression of the actual relationship of the variables. Independent variables found to have little or no association with relative success entered predictor equations because of their suppressor effect as described in Chapter IV.

The most satisfactory predictor is, perhaps, the Convention Hotel Success Predictor presented in Table 4:7. This predictor achieves a high R^2 : .96. It employs but four variables. The variable playing the most significant role is that of innovation which was found to have the greatest association with success.

The value of these predictors is that relative success

may be predicted based on management insights and approaches. Considerable refinement of these predictors should result from additional research.

Summary

The results of this study suggest a direct relationship of innovation, the marketing philosophy, and a future orientation with success. The precise significance of these relationships was not determined. However, specific areas meriting executive evaluation and further research were developed. Also, a number of possible executive action implications were suggested.

These results reflect the findings in the hotel industry literature as discussed in Chapter II. Three thrusts were evident in the hotel literature of the decade of the sixties. The first thrust was the importance of innovation in technique and offering. The second was the role of the marketing philosophy as a conceptual base for hotel executives. The third thrust was the need for active consideration of and planning for the future.

CHAPTER VI

SUMMARY AND CONCLUSIONS

Introduction

A number of interrelated topics have been explored in this study of the convention hotel segment of the hotel industry. Included are: the state of the art of marketing, evidence of the marketing philosophy and innovation.

The decade of the sixties marked a period of no apparent single philosophy in the hotel industry. A product and/or sales orientation dominated. A marketing orientation--focusing on the customer--however, was becoming increasingly evident. By the end of the decade of the sixties advocates of the marketing philosophy gained support. It was suggested that the acceptance and implementation of the marketing philosophy would be the thrust of the seventies.

The approach and philosophy of hotel executives were investigated through the literature and an empirical basis through depth interviews of a small sample. Personal interviews with the Director of Sales and General Managers of twelve convention properties in Chicago yielded an impression supporting conclusions drawn in a study of the hotel literature.

Innovation in the hotel industry was examined both by a study of hotel literature and personal interviews with the hotel executives. The slowness of the hotel industry in accepting innovation and innovativeness was noted. The hotel industry appeared to be at least a decade behind other large industries in the application of innovation techniques and technology.

For example, only now is the computer being seriously studied for its applicability to the solution of many hotel problems. A few of the more innovative hotels, however, have already realized the value of the computer and have been applying it to feasibility studies, market analyses, food and beverage operations, and reservations systems, among other areas.

Perhaps the most important innovation that is taking place in the hotel industry is that of the changing orientation. An orientation reflecting the marketing philosophy is developing. The perspective of hotels as learning centers, resort facilities, and airport complexes were cited as examples of this changing orientation.

Both the literature and the interviews reflected an increasing appreciation for the role and importance of innovation in hotels' approach to the convention market. There was some indication, however, that some executives saw the expression of an appreciation and concern for the role of innovation in hotel operations as being

significant. They do not appear, however, to appreciate the import of innovation and understand how to operationalize the concept of innovation.

The association of a number of variables (designed to reflect the marketing orientation and innovation in the insights and approaches taken by a hotel's management) with relative success was studied. Through them, implications for management action were drawn, and potentially fruitful research areas were suggested. By using stepwise multiple regression, a number of predictors of relative success (without tests of significance) were developed.

General Findings

The general findings are three-fold. First, innovation is important and is associated with success in hotels. Second, the marketing philosophy is important and is associated with success in hotels. Third, a future orientation in the management structure of a hotel seems to be associated with the success of a hotel.

Innovation was found to be the one variable in this study most closely associated with success. Therefore, a systematic program of gap perception and analysis was suggested and supported.

A number of variables closely associated with the marketing philosophy were determined to be associated with relative success. Thus, a construct facilitating the implementation of the marketing philosophy was presented.

In conjunction with the marketing philosophy, an approach termed successive focusing on customer wants was discussed. It was suggested that the executive who perceives his customers' wants in a systemic framework as overall benefits sought, or satisfiers would likely improve the success of his property. Following this system of successive focusing, the hotel executive would be much more apt to be able to create an effective meshing of the subsystems within his hotel. This accomplished, the total product offered by the hotel will likely be consonant with the total product desired by the customer.

It was suggested that a hotel executive may run a successful hotel in spite of the lack of the successive focusing approach. The subsystems might mesh effectively anyway. An active programmed effort, however, to see that the subsystems mesh effectively would probably be more successful over the long run.

The third general finding of this study was evidence supporting the importance of a future orientation. With but one or two exceptions, the variables with clear cut future implications were among the variables most closely associated with success. The findings suggest the importance of hotel management being actively aware of and evaluating future changes in hotel environments -- technological, political, legal, competitive, urban, and economic. These environments will have implications for not only

changing customer wants and needs, but for the capability of hotels (both as an industry, and at the firm level) to effect appropriate adjustments. Active evaluation of future problems, gaps in the markets, and the future implications of present actions were seen as important.

Finally, the regression equations generated predictors of the relative success of a hotel. They were based on the insights and approaches taken by the executives of that hotel. This information could be useful in evaluating the direction being followed by the management of a hotel.

Suggestions for Additional Research

The findings and limitations of this study suggest eight areas for additional research. These areas are interrelated to a great degree, but they will be treated separately for clarity of exposition.

1. Improved Measures of Success - As mentioned in Chapter I, there were some difficulties in obtaining the most useful measures of success. Specifically, it would be more effective to use profit figures rather than revenue figures in the success measure. Additional insight could be gained if the profit figures could be broken down into profits from conventions, from business meetings, from seminars, and other transient business. This would help to compare

more effectively the success of various properties in catering to differing target markets. Problems will be generated, of course, because of different accounting procedures and the reluctance to reveal these figures. Nevertheless, a study employing a measure of a hotel's profitability in differing markets, would likely lend additional insight into the value of differing management perspectives and approaches.

2. Measurement of Independent Variables - It would be desirable to develop more objective measures of the independent variables employed. Perhaps this could be done by building on the findings of this study and providing more structure in the interview. For instance, through the use of scales which the interviewer or interviewee might check and enter in each of the subject areas. It would be interesting, and useful, to develop a number of scales that might be presented to interviewees. By so doing, data can be elevated to at least an interval level rather than the ordinal level employed in this study. This would facilitate the

development of associations and predictors for absolute rather than relative success as was done in this study. It must be recognized, however, that this type of approach might tend to retard the free flow, case type of discussion and information that is generated by the less structured format employed.

3. Statistical Analysis - A more extensive and refined study, and sample, would be of use. Elements that could be studied through the use of a larger sample, would include a comparison of the different approaches taken by large versus intermediate and small hotels. A comparison of approaches and success in chains versus independents would also be useful. Analyses should be made of different types of operations such as resorts, urban, and airport properties. Properties that concentrate on specific target markets such as the large association type convention could be compared with those concentrating on the one or two day business meeting market. The research findings suggest that it would be fruitful to conduct a more sophisticated statistical analysis. The results would permit stronger statements and conclu-

sions to be drawn.

4. Replication - It would be useful to replicate this study in other convention cities. An investigation of the insights, approaches, and success of the management of convention properties in such cities as New York City, Las Vegas, Miami, San Francisco, and Atlanta should provide additional useful insights. These studies might determine different target markets and the consonance of the various techniques employed.
5. Time Horizon - This study was a cross-section study -- a study in a point in time. It would be useful to perform a time series or longitudinal study. Such an approach could help determine emerging trends and changing management insights and techniques. It could help establish the time lag of the success impact of changing management insights and techniques.
6. The Determination of Top Management's Insights in the Area of Innovation and Innovativeness - It would be very useful to determine the insight that top management and the General Manager of a property have with respect to innovation and innovativeness. A limitation

of this study was that innovation was explicitly discussed in the Director of Sales interviews only. A thorough discussion of this subject area at a higher management level would prove beneficial.

7. Level of Interviewee - It would be useful to conduct a study to determine the associations among the insights of a number of executives at different levels in the hotel corporate structure with the success of a hotel. In the case of chains, Corporate Office executives might be studied. In the case of chains and other hotels, General Managers, Resident Managers, Directors of Sales, and even Sales Representatives might be studied. The insights provided through these interviews would likely uncover areas with different associations with the success of a hotel. The most important insights at different levels of management could be determined.
8. Personnel - The subject area of personnel was not specifically included in this study. Yet, all of those interviewed in this study mentioned the personnel problem as being the single most outstanding problem facing them. Studies of personnel practices could uncover

means of alleviating the problems of availability, motivation, and turnover of hotel personnel. The program of gap analysis suggested in Chapter V could indeed be appropriate here.

Concluding Remarks

The findings of this study support the importance and success implications of operating within the marketing philosophy and of innovation. The implications of these findings for management action are clear. More questions may have been raised, however, than were answered. Questions that might be treated through further studies have been delineated.

This investigation focused on the hotel industry. It must be noted that the hotel industry is merely one industry that falls under the umbrella of service industries. It is likely that findings uncovered may apply to other service industries. Specific parallel studies of the banking, insurance, retailing, and restaurant industries would have to be performed in order to draw sound conclusions for each of them. The findings are suggestive of the likely outcomes of investigations in other service industries.

BIBLIOGRAPHY

BIBLIOGRAPHY

Books

Borsenik, Frank D., Literature of the Lodging Market, Occasional Paper, Bureau of Business and Economic Research, Division of Research, Graduate School of Business Administration, Michigan State University, East Lansing, Michigan, 1966.

Convention Liaison Committee, Convention Liaison Manual, 1961, copies of the manual are available through the sponsoring organization of the CLC, American Hotel & Motel Association, American Society of Association Executives, Council of Engineering and Scientific Society Secretaries, Hotel Sales Management Association, International Association of Convention Bureaus, National Association of Exhibit Managers, and the Professional Convention Management Association. Price \$2.00.

Dorsey, Leslie and Devine, Janice, Fare Thee Well, New York: Crown Publishers, Inc., 1964.

Herzberg, F., Mausner, B., and Snyderman, B., The Motivation to Work. New York: John Wiley and Sons, 1959.

Henderson, Ernest, The World of Mr. Sheraton. New York: David McKay Co., 1960.

Hilton, Conrad N., Be My Guest. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1957.

The Hotel Man Looks at the Business of Meetings, St. Paul: 3M Business Press, 1968.

Jarman, Rufus, A Bed for the Night. New York: Harper and Brothers, 1952.

Kerlinger, Fred N., Foundations of Behavioral Research. New York: Holt, Rinehart & Winston, Inc., 1966.

Knevals, Edward, The Airport: Second City. St. Paul, Minnesota: 3M Business Press, 1967.

Zaltman, Gerald, Marketing: Contributions from the Behavioral Sciences. New York: Harcourt, Brace & World, Incorporated, 1965.

Interviews

Arnold F. Karr, Secretary, Greater Chicago Hotel and Motel Association, June, 1969.

Gerald G. Sanderson, Executive Director, Chicago Convention Bureau, June, 1969.

Several anonymous Chicago hotel executives, June - December, 1969.

Newspaper Articles

Chicago Sunday Tribune, "U. S. Conventions: Two Hundred Year Trend", June 1, 1969.

Iron Mountain, Michigan News, "Jets Transform Conventions from Hijinks to Business," April 7, 1969.

Wall Street Journal, "Business Bulletin," March 23, 1971.

_____, "Business Bulletin," January 14, 1971.

_____, "The Greenbrier - Old Line Resort Hotel Turns to Conventions and its Profits Soar," August 14, 1968, p. 1.

_____, "Lincoln's-Washington's Birthday Weekend of Up to Four Days Pleases Resorts, Stores," February 11, 1971, p. 10.

_____, "Minnesota Mining Opens One Day Meeting Center," March 6, 1969.

Periodicals

"AH & MA Study Prepares Lodging Industry to Meet Challenges of 70's, Odde Tells International Symposium," American Hotel Journal, April, 1970, pp. 22, 23.

"Attracting Business Seminars and Meetings," Hotel and Motel Management, December, 1970.

Beck, Robert A., "Operation Breakthrough!," The Cornell HRA Quarterly, February, 1969, pp. 6-18.

Berkman, Frank W., "Selling Today's Resorts in Tomorrow's Market," The Cornell HRA Quarterly, February, 1969, pp. 33-35ff.

Birdsall, J. Frank, Jr., "Our Industry Wide Challenge," The Cornell HRA Quarterly, May, 1967, pp. 2-3.

Brener, Stephen W., "Important Five Years Ahead," Hospitality, April, 1968.

_____, "'Large' is the Word," Hospitality, July, 1968, p. L-15.

_____, "The Airport Hotel: Sites and Opportunities," Hospitality, August, 1968, pp. L-14, L-15.

_____, "1969 Can be a Great Year," Hospitality, March, 1969, p. L-43.

_____, "What the Future Holds for the Hospitality Industry," Hospitality, September, 1970, p. L-32.

Bursk, Edward C., "Alert Hosts in the Marketing Age," The Cornell HRA Quarterly, February, 1967, pp. 1-8.

"Can You Bare It?," Forbes, March 1, 1971, pp. 17-20.

Chandler, Hal, "Selecting A Hotel," Association and Sales Meetings, August/September, 1969, pp. 42-ff.

Chase, Robert N., "Analyzing Hotel/Motel Feasibility Through Computerized Pro Forms," The Cornell HRA Quarterly, February, 1969, pp. 89-93.

Coffman, C. DeWitt, "The Worm is Turning," Food and Lodging Hospitality, September, 1967, p. 24.

_____, "The Management Committee," Hospitality, October, 1968, p. L-60.

_____, "The Management Committee (Second Stage)," Hospitality, November, 1968, p. L-16.

_____, "The Proper Fit," Hospitality, September, 1970, p. L-23.

_____, "Management," Hospitality, January, 1971, p. L-6.

"Computers in Hotels," The Cornell HRA Quarterly, August, 1967, pp. 17-31.

"Computer Wars on Credit Card Fraud," The Cornell HRA Quarterly, February, 1969, p. 94.

"Cornell Presents Computerized System of Managerial Controls for Hotels and Motels," The Cornell HRA Quarterly, November, 1969, pp. 2-4.

Cribbin, James J., "Innovational Thinking - Fulcrum for Organizational Growth," The Cornell HRA Quarterly, May, 1967, pp. 9-16.

Crumb, Charles V., "Getting More of the Industrial Seminar Market," Hotel and Motel Management, March, 1968, p. 22.

Dawson, Leslie M., "The Human Concept: New Philosophy for Business," Business Horizons, Volume XII, December, 1969, pp. 29-38.

Diehl, Thomas M., "Computers in Hotels - 1971," The Cornell HRA Quarterly, May, 1971, pp. 2-19.

"Eighty Million Dollar Hotel Building Boom for O'Hare International Airport," American Hotel Journal, April, 1970, pp. 18-20.

"Electronic Front Offices to Eliminate Guest's Folios, Cash Registers, Guests' Delays in Fourteen Marriott Hotels," American Hotel Journal, June, 1971, p. 12.

"Employee Contests Spurs Convention Support," Sales Meetings Magazine, January, 1971.

End, Henry, A.S.I.D., "The Hotel of the Future," Hospitality, February, 1968, p. L-40.

"Everyone at Loews Takes Orders," Hospitality, June, 1970 pp. L-40-L-44.

"Executive Series No. 16," Meetings and Conventions, March, 1971, pp. 48, 49f.

Ford, Pat, "Marketing Workbook," A series of articles taken from a book by the same name reported in Hospitality in a series of articles commencing the February, 1971 issue.

Hamill, Bruce H., "Prospectives for the 70's," Hospitality, January, 1970, pp. L-74-L-76.

Herzberg, Frederick, "The Motivation-Hygiene Concept and Problems of Manpower," Personnel Administration, Volume 27, Number 1, January-February, 1964, pp. 3-7.

Hodgson, Jack N., "The Feasibility Study," The Cornell HRA Quarterly, November, 1968, pp. 41-59.

Hosmer, Eugene, Jr., "Conventionally Speaking," Hotel Bulletin, September, 1966, p. 12.

"Hotel Sahara, Las Vegas, Nevada - Its New Space Center is Largest Resort Meeting Facility," Hotel and Motel Management, September, 1968, pp. 25-29.

"How to Check Management Methods," Hospitality, May, 1968, pp. L-64-L-67.

"How to do More Convention Business," Interview with George K. Dahl, Veteran Convention Trade Editor and Consultant, Hospitality, August, 1965, pp. 48-52 ff.

"Innkeeping and the Computer," Hotel and Motel Management, June, 1968, pp. 25-29.

"Innkeeping and the Computer, II," Hotel and Motel Management, August, 1968, pp. 27-30.

"Instant Room Service," Hotel and Motel Management, May, 1968, pp. 23-25.

Judge, Martin, "Hotels at the Sky," Hospitality, July, 1970, pp. L-38-L-43.

Kelty, John A., "Prospects You Overlook," Hotel and Motel Management, March, 1968, pp. 23, 24.

Kiplinger, Austin H., "Toward the Year 2000," The Cornell HRA Quarterly, August, 1968, pp. 2-8.

Lapin, Al, Jr., "Outlook for the 70's," The Cornell HRA Quarterly, May, 1970, pp. 1-10.

Lazer, William, and Tyler, Philip R., "Modern Marketing," Synopsis, March-April, 1970, pp. 37-47.

"The Learning Center Hotel," Hotel and Motel Management, March, 1971, pp. 39-41.

"A Legitimate Need for Conventions?," Association and Sales Meetings, August/September, 1969, pp. 35-37.

"A Livelier Tune for 'the Inn Group'," Insurance, May 10, 1969, pp. 14f.

"Marriott is on the Move," Hospitality, November, 1969, pp. L-61-L-64.

"The Marriott Story," Forbes, February 1, 1971, pp. 20-25.

Meyer, Rene, "Computers Can Ease Growing Pains," Hospitality, June, 1970, pp. L-60, L-61.

Morton, William, "Marketing - The Key to Successful Management," The Cornell HRA Quarterly, November, 1965, pp. 46-50.

_____, "Closing the Marketing Gap," The Cornell HRA Quarterly, February, 1967, pp. 9-15.

_____, "Innkeeping Future Up in the Air!," The Cornell HRA Quarterly, November, 1967, pp. 2-10.

"A New Concept in Recreational Hotels," Hospitality, September, 1969, pp. L-52, L-53.

"New Markets Mean New Challenges," Hospitality, January, 1970, pp. L-78, L-79.

"No Other Hotel Can Make This Statement," Hospitality, July, 1970, pp. L-30, L-31.

O'Brien, Thomas, "The Economic Outlook 1967-1977," The Cornell HRA Quarterly, May, 1967, pp. 4-8.

O'Malley, Patrick L., "The Serious 70's," The Cornell HRA Quarterly, May, 1970, pp. 6-10.

Patterson, Alice L., "Prepare for the Moon Age," Hospitality, November, 1969, p. L-92.

Perrins, Harlan, "Company Conferences in Hotels," The Cornell HRA Quarterly, February, 1971, pp. 67-74.

"Pick Picks Commercial Markets," Hospitality, February, 1970, pp. L-14, L-18.

"Profit Marking Ideas Flow at AH & MA Convention," Hospitality, January, 1968, pp. L-33ff.

"The Quality Approach," Hotel and Motel Management, July, 1971, pp. 30-34.

Rieser, Carl, "Sheraton versus Hilton, Playing Checkers with 60 Thousand Rooms," Fortune, January, 1961.

"Roundtable," The Cornell HRA Quarterly, February, 1969, pp. 2-5 ff.

"Roundtable," The Cornell HRA Quarterly, August, 1969, pp. 2-5 f.

Sayles, Charles I., "Communications -- Hotel Men and Computers," The Cornell HRA Quarterly, May, 1970, pp. 64-68.

"The Seasonal Resort Needs Conventions," The Cornell HRA Quarterly, November, 1962, p. 32.

"70's Will Soar," Hospitality, January, 1970, pp. L-57-L-62.

"Sheraton Strives for the Top!," Hospitality, December, 1969, pp. L-31-L-34.

"Sheraton's Zeldman: Expansion is His Game," Interview with Irving Zeldman, President, Sheraton Inns, Inc., by Ray Sayer, Assistant Editor, Motel/Motor Inn Journal, July, 1971, pp. 50-56.

Smith, S. Y., "The Growing Trend to Conventions at Sea," Association and Sales Meetings, August/September, 1969, p. 31.

Sonnabend, Roger P., "Obsolescence Today...What Tomorrow?," Hotel Bulletin, July, 1965, pp. 4,5.

"The Style of Western International," Hospitality, July, 1970, pp. L-47-L-51.

"Twenty-Seven Ways to Promote Group Business," Food and Lodging Hospitality, July, 1967, p. 49.

Weaver, G. Carroll, "Market Demand Studies as a Platform for Effective Hotel and Motel Sales Programs," Hotel and Motel Management, July, 1967, pp. 27-29.

"We Have a Peculiar Market Here," Hospitality, September, 1969, pp. L-54-L-56.

"We'll be Ready," Hospitality, January, 1970, pp. L-67-L-72.

Wright, Richard, Jr., "The Impact of Super Jets," Hospitality, January, 1970, pp. L-43-L-45.

Readings

"Innovation - A Central Task of Management," in Managerial Marketing: Perspectives and Viewpoints, third edition. Edited by Eugene J. Kelley and William Lazer. Homewood, Illinois: Richard D. Irwin, Incorporated, 1967.

Kelley, Eugene J., and Lazer, William, "Managing Innovation in Marketing," in Managerial Marketing: Perspectives and Viewpoints, third edition. Edited by Eugene J. Kelley and William Lazer. Homewood, Illinois: Richard D. Irwin, Inc., 1967.

Lazer, William, and Bell, William E., "The Concept and Process of Innovation," in Managerial Marketing: Perspectives and Viewpoints, third edition. Edited by Eugene J. Kelley and William Lazer. Homewood, Illinois: Richard D. Irwin, Incorporated, 1967.

Studies

Booz, Allan and Hamilton, Operation Breakthrough - An Approach to Hotel/Motel Operations in 1978, a study done under the direction of the Cornell School of Hotel Administration; Commissioned by the American Hotel and Motel Association, 221 West 57th Street, New York, New York 10019, copywrite 1969.

Schmidt, Wesley I., The Study of the Origins, Education and Occupational Definition of Hotel Managers as Related to Career Patterns of Success. Unpublished Ed.D. thesis, Michigan State University, 1961.

APPENDICES

APPENDIX I

DIRECTOR OF SALES INTERVIEW SCHEDULE (DSIS)

1. (a) Would you please tell me how you know whether you've had a good year with respect to convention and group business?

(b) Would you now please tell me what makes a piece of business valuable?

(c) How do you go about determining how valuable a piece of business might be? Are there any questions that you ask yourself?
2. (a) Do you have any specific objectives with respect to attracting convention-group business?

(b) Do you have any plans or programs for meeting these objectives? Would you please tell me what they might be?
3. (a) Do you have any particular kinds or types of groups that you try to attract? Would you please describe them?

(b) Could you please tell me why you have chosen this kind or type of group(s) as your target market, that is, as the type that you would like to attract?

(c) Do you see any impending environmental changes (that is, changes in competition, in size, makeup or interests of groups that have conventions, or economic or social, or technological changes, etc.) that might have an effect on your target market(s), that is, on the number, type, kind, or size of groups that you would like to attract? What might these changes be, and about when would you expect them to occur?

(d) Could you please tell me what would be the nature of any changes in your target market?

(e) Why would (or wouldn't) you change your target market(s)?

(f) Is there a difference in the spending patterns of various groups? Is this important to you? How and why?

- (g) Now, as to your source of business, would you have an idea as to how much of your convention and group business is derived from national, regional, state, or local meetings, or industrial meetings, etc.? Is there any other way you categorize your business?
4. (a) Could you tell me what your target market(s) currently want with respect to a total product from a hotel or motel?
- (b) How do you tackle this, that is, how do you go about finding out what they want?
5. (a) How do you become aware of prospective group business customers?
- (b) What do you do to attract groups to your hotel-motel? Are there any particular things about your facilities or offering that you emphasize?
6. (a) Do you offer different rates (to either transients or groups) at different times in the week or year? Why?
- (b) Do you have an idea of what it costs to sell a vacant room here? (That is, the additional cost incurred because a room was used rather than not used.) If so, of what use is this information?
- (c) How many rooms are you willing to book for one convention? Why?
- (d) Do you see any trend as to changes in the length of stay of groups or transients?
- (e) Is there some "ideal" combination of transient and group business? If so, what might it be, and why?
7. (a) Would you have an estimate of the current annual sales potential of your current target market(s) (for your property)?
- (b) How did you get these estimates?
8. (a) Now, of the groups that have had conventions here in the past year, can you think of one that, from your viewpoint, was the most successful? Why do you feel that it was so successful?
- (b) Why do you feel that they selected you to house their convention?

(c) Do you know of any way in which they were dissatisfied? How do you go about getting this information?

Repeat (a) through (c) for a convention which the Director of Sales feels was unsuccessful, or at least less successful.

(d) Do you keep a separate record of convention revenues and profits?

9. Do you (or any of the salesmen here) ever sit in on convention meetings? Why?
10. (For each of convention service coordination, modern A/V aids, and direct dial phones)
 - (a) Do you have _____? Approximately when did you adopt this?
 - (b) How did you decide whether to adopt this change? That is, what kind of a process did you go through in determining what you were going to do?
 - (c) How was the desirability of this change brought to your attention?

Ask for any innovations in convention facilities and/or services that have been instituted at this property and then for any other innovations that have been instituted here. (Run through question (10) for each one named.)

11. (a) What do you see coming in the future in regards to the total product offered by hotels and motels? Have you made any plans along this line? Could you please tell me what these plans might be?
 - (b) What do you think that the convention-group customer-prospect would like to see in the way of innovation in the hotel industry? How do you go about finding this out?
12. I wonder if you would tell me about what you might consider to be the major problems confronting you that you don't have answers to or that you are trying to solve? Do you have any ideas about solutions to these problems?

13. (a) Would you now please tell me about any community or professional activities, organizations, or committees in which you might participate? Do you see any advantages and/or disadvantages in participating in any or all of these groups?

(b) Do you take any courses that are offered? Do you encourage your staff to do so?

APPENDIX II

GENERAL MANAGER INTERVIEW SCHEDULE (GMIS)

1. First, I would like to get a little bit of an historical background of this hotel and its environment.
 - (a) Would you please tell me about any changes that may have been made in the physical plant here in the last 10 years and about when they were made, if indeed there have been any? Why?
 - (b) Now, would you tell me about any changes that may have taken place in the hotel's environment, that is, in the area in which the hotel is located?
 - (c) Have there been any changes in personnel or personnel policies in the past 10 years? Any staffing changes?
 - (d) Have there been any changes in the operating policies or procedures here?
 - (e) Have there been any changes in the services offered here?
2. Now, I would appreciate it if you would "breathe some life" into these figures which Mr. (Name of Director of Sales) was kind enough to provide. For each of the items listed here, would you please briefly indicate what you feel might be the reason(s) for the patterns that have developed. For example, do you feel that the profit and revenue patterns are a result of changing operating controls, policies and procedures or from a changing marketing approach and/or record or some combination of both?
3.
 - (a) Do you have any projections or goals for the future for any of these items?
 - (b) Do you have any plans or programs designed to meet these goals and/or approach the market?

4. (a) Do you have any particular kinds or types of groups that you try to attract? Would you please describe them.

(b) What do they want with respect to a total product from a hotel-motel?

(c) How do you find out what they want?
5. (a) Would you please tell me how you know whether you've had a good year with respect to convention and group business?

(b) Would you now please tell me what makes a piece of business valuable?

(c) Do you have an idea of what it costs to sell a vacant room here? (That is, the additional cost incurred because a room was used rather than not used.) If so, of what use is this information?
6. Do you feel that there is some ideal combination of group vs. transient business? Why?
7. Would you please tell me about what you might consider to be the major problems confronting you that you don't have answers to or that you are trying to solve? Do you have any ideas about solutions to these problems?
8. (a) Now, to talk a little bit about the manpower situation in the hotel industry - what kinds of needs, present and future, do you see with respect to personnel? For example, the number of employees, the training necessary, and availability.

(b) What qualifications do you feel a man needs to be a successful general manager? Will these change in the near future?

(c) Do you see payroll changes of any sort as being needed and/or coming?
9. (a) Do you see any changes coming in the environment (competition, legal, social, economic, technological, etc.) that will have an effect on you? What might they be and how will they affect you?

(b) What do you see coming in the future in regards to the total product offered by hotels and motels? Have you made any plans along this line? Could you please tell me what these plans might be?

10. (a) Finally, would you please tell me about any community or professional activities, organizations, or committees in which you might participate? Do you see any advantages and/or disadvantages in participating in any or all of these groups?
- (b) Do you take any courses that are offered? Do you encourage your staff to do so?

APPENDIX III

Code Number _____

CONFIDENTIAL DATA SHEET-TYLER CONVENTION STUDY

CONVENTION: A group which occupies 100 or more guest rooms.

	1964	1965	1966	1967	1968	First Six Months of 1969
Number of Rooms						
Total Available Rooms						
Total Available Rooms Occupied						
Annual Per Cent of Occupancy						
Per Cent of Double Occupancy						
Number of Conventions Booked						
Number of Conventions Housed						
What Per Cent of Conventions were Repeat Business From Within a Three Year Period						
Per Cent of Total Room Revenue Attributable to Convention business						
Convention Room Days						
Average Stay Per Convention Guest						
Average Stay Per Non-Convention Guest						
Estimated Total Revenue Per Convention Guest						
Estimated Total Revenue Per Non-Convention Guest						
Average Room Rate:						
Transient:						
Permanent:						
Total:						
Occupancy Highs and Lows:						
High Day of Week						
Per Cent of Occupancy That Day						
Low Day of Week						
Per Cent of Occupancy That Day						
High Month of Year						
Per Cent of Occupancy That Month						
Low Month of Year						
Per Cent of Occupancy That Month						
Total Room Revenue						
Ratio of Food Revenue To Room Revenue						
Ratio of Beverage Revenue to Room Revenue						
Net Profit Before Taxes (Room, Food, and Beverage business)						

Your comments are welcomed. Please make them below, on the back, or on another sheet.

APPENDIX IV

Dear :

I am a doctoral candidate in the Graduate School of Business Administration at Michigan State University and am writing my dissertation about the hotel-motel industry.

Mr. Arnold Karr, Secretary of the Greater Chicago Hotel and Motel Association has been kind enough to send a letter to your general manager about the project as well as to forward a letter sent him by Professor Frank D. Borsenik, Acting Director of the School of Hotel, Restaurant, and Institutional Management. I would like now to personally ask for your assistance in this study.

My dissertation is focused on the various approaches that hotels and motels have adopted with respect to convention business. Chicago has been selected as the site of the research because of its standing as the convention capital of the United States.

The information that will be developed through this study will be of real value to those who have an interest in the hotel-motel industry. The end product of this study will be such that it is fully practical in that implications for management action will be drawn.

The data gathered will be considered strictly confidential.

I will be calling you soon to arrange an appointment at a time that will be convenient for you. Thank you very much for your cooperation. I am looking forward to the pleasure of meeting you in person.

Sincerely yours,

Philip R. Tyler

APPENDIX V

Dear :

I am writing to you concerning my dissertation research on the Chicago convention market. Mr. Arnold Karr, Secretary of the Greater Chicago Hotel and Motel Association has been kind enough to inform you of this study and to suggest its value to the hotel-motel industry.

My dissertation is focused on the various approaches that hotels and motels have adopted with respect to convention business. Chicago has been selected as the site of the research because of its standing as the convention capital of the United States.

The information that will be developed through this study will be of real value to those who have an interest in the hotel-motel industry. The end product of this study will be such that it is fully practical in that implications for management action will be drawn.

The data gathered will be considered strictly confidential.

On September 12, I had a very interesting and informative conversation with _____. I would now like to develop further with you a few of the things we discussed at that time as well as to secure your comments about some of the other aspects of the operation of the _____ Hotel.

I will be calling you soon to arrange an appointment at a time that will be convenient for you. Thank you very much for your cooperation. I am looking forward to the pleasure of meeting you in person.

Sincerely yours,

Philip R. Tyler

MICHIGAN STATE UNIV. LIBRARIES



31293105934008