

CREATIVE MEASURES IN TIMES OF CRISIS: PROMOTING YOUR BUSINESS, CUTTING DOWN COSTS AND CREATING MORE INCOME

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Abstract

Over the past two years (2008 and 2009), the travel industry got hit pretty badly by the international economic crisis. Even luxury hotels – which seemed immune so far- are reporting low rates of occupancy and high rates of cancellations. For the New Year (2010), just like in 2009, the word of the day is “sustainability”. No one is looking for big profits, but they are looking to keep their business afloat. The article details some of the most innovative ways to promote a travel business and attract customers.

Tools such as using the website, the social media networks and creating their own brands help businesses involved in tourism to better promote their image and survive the crisis. Being able to sell more diverse services will make an entity earn more money and hence overcome the difficulties.

Key words: Internet, crisis, online booking.

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INTRODUCTION

By now, the economic crisis is so much a part of our life that we tend to blame anything on it. While companies in the USA start to see some positive things, in Europe the problems continue to wrack chaos. And worst of all, tourism in many countries is affected. Lower incomes don't exactly allow for holidays.

Travel companies should know how to tackle a crisis; unfortunately, what managers learned in school cannot do much for them now; training sessions focusing on new strategies, however, should do the trick. Learning how to use the Internet to promote the business and how draw additional income is a must.

1. CURRENT STATE OF TRAVEL INDUSTRY IN THE WORLD

The travel industry has been hit pretty badly by the economic crisis. It started to be obvious by the end of 2008 and as the New Year started, the numbers are looking grimmer by the day. Both hotels and airlines started to report steep declines in occupancy rate starting from September 2008. The rates of cancellations in 4 or 5 - star hotels are going up as well. If it wasn't clear by now, the flights and hotels are dominated by business travelers as opposed to tourists.

An analysis in New York Times [6] details that grimly state: “*In September, the top seven (n.a. American) airlines averaged a 9.47 drop in domestic passenger miles traveled compared with September 2007. Domestically and internationally, the major airlines carried 9.2 percent fewer passengers than in September 2007.*” Things aren't going well for the

European airlines either. The same analysis states: “*... British Airways, one of the major players on the intensely competitive trans-Atlantic market, said that its full-year financial projections were at risk because long-haul premium traffic declined 8.6 percent in September from September 2007.*”

The hotel occupancy rates in US went down 5% from September 2007 and while until now the high-prices hotels (4-5 star luxury ones) hold their own, now they are starting to feel the crisis as well. Marriot International saw its profits for the 3rd quarter of 2008 falling 28%. Even the Marriot hotel in Bucharest announced that they are expecting a slow down in 2009. Carol Parc Hotel Bucharest (5-star, luxury) [9] announced recently that the rate of occupancy in 2008 was only 27%, under what they projected the year before.

In Romania, not surprisingly, the Winter Holidays tourist packages in 2008 didn't sell that well either, with sales being down 30% for the international destinations and 10% for the domestic destinations.

In the first quarter of 2010, Greece reported [8] a 3.0% decrease of international arrivals at Athens' International Airport. The hospitality industry didn't perform well either. There was an overall decrease in RevPAR (revenue per available room) in Athens by 7.0% in the first quarter and 12.9% decrease in Thessaloniki. April 2010 was particularly bad for the resorts.

On the other hand, despite the volcanic ash cloud shutting down airports across Europe, in April 2010, the German hotels saw a 6.4% increase in room occupancy and 43.3% increase in average room rate [8]. Out the German towns, Frankfurt and Dusseldorf experienced the biggest increase in RevPAR (69.2% and 62.5%, respectively).

So, something is going the right way in the travel industry, although, over all, the business is still going down. Hostels and other budget accommodations report rates of occupancy of almost 100% and in most cases it's close to impossible to find a bed if you don't pre-book. And internet bookings are going well all over the world. A Boots n All employee stated in a Skype talk: *"we are selling cheap plane tickets, arrange hostel bookings ... we've always catered for the independent budget traveler. Things aren't going as well as before but we cannot complain."*

2. ANTI-CRISIS MEASURES

The main goal in the current economic situation is "sustainability and not profitability". In other words, everyone involved in the travel industry tries to sell at the lowest possible price but at a price high enough to ensure their business is sustainable.

PR and marketing specialists are getting more creative by the day. After all, in an industry where everyone is struggling, you cannot obtain anything if you are not willing to be creative and take some additional risks.

2.1. Discounts, promotions and other special offers

This "trick" has been used for years, whether we were dealing with last minute offers or special packages meant to sell a romantic St. Valentine's weekend. But now, the discounts and special offers are surprisingly affordable. For a business specialist, it's the cue hotels, airlines and cruise liners are trying to keep the business alive and sell as much as they can. Instead of keeping rooms open or airplanes empty, the companies prefer to sell at the lowest price possible which still offers a small margin of profit.

Want the perfect example? Roger from Cheap Travel Scout recently wrote about *"Cruises under \$500 per person"*. A quick look at the list and we are realize that a 3 nights Bahams- Disney cruise costs only \$299 per person (for the US citizens).

Closer to home, in Europe, the Greek airline Olympic offers incredible economic class, round trip fares. I recently wrote about their special prices and was stunned to see that you can fly from Athens to London and back for only €274, a price which includes taxes, fees, security charges, fuel surcharge and service fee.

Recently, TAROM came up with a family offer (Dima, 2010) which includes the return flights to Athens or Thessaloniki for 2 adults and 1 child for fares starting at €437.

If you are on the other side of the fence (i.e. customer), the best thing is to wait as long as you can before booking. Unless you want to travel independently and book a hostel, you shouldn't book a

package earlier than 2-3 weeks before departure. Sure, early book discounts are appealing but if those don't sell well, the hoteliers will offer more discounts as the days go by.

2.2. The website

While internationally the internet has always played an important role in bookings, Romania is finally seeing the same trend. According to an article [6] in 2008 alone, internet bookings in the travel industry rose 114%. The trend is supposed to keep up for 2009 although probably not at the same high rate.

With internet bookings going strong although the industry's trend is down, any hotel, travel agency, airline, hostel or other business which operates in the market should have their own website. Possible travelers look up information online and if you are not there, you are non-existent!

Additionally, hotels, hostels, airlines, cruise liners should look into having their offers listed in the major online booking systems. Most of such directories allow people from all over the world to book with them, provided they have a credit / debit card to secure the transaction.

Make your site as user-friendly as possible. Allow users to sign up for a newsletter and promotional offers. Allow them to post comments about their stay. Make them want to come back and want to share their positive experience at your hotel/hostel/pension, etc.

2.3. Social networking: Facebook & LinkedIn

The more visible a business is on line, the better. That's where social networking sites like Facebook and LinkedIn come into play. While until recently Facebook (<http://www.facebook.com>) was just a place for teens to talk and flirt, more and more business have their pages listed and you can 'like' a page and comment on the business and the services offered. It's a simple and cheap (well, free!) way to get your business' name out there and allow others to talk about it.

Let's say you run a hostel and create such a Facebook page. This allows those who stayed there to share their opinion and photos, while those who plan to look for a hostel can learn about yours. A link to your website with a booking section and you are set to get some more revenue from promoting your business online.

As opposed to Facebook, LinkedIn (<http://www.linkedin.com>) is a different social networking site. It's aimed at professionals. Groups can be created and questions can be asked. Have your PR or marketing person sign up and set up a group for your business. Talk about your services, attract others to link up to you – including travel networks,

websites, travel agencies – and you are creating enough visibility for your business.

2.4. To Tweet or Not to Tweet – what’s Twitter?

Simply put: writing text messages in a window for the followers to see you. While no one knows exactly what Twitter (<http://www.twitter.com>) can do for a business and how much it actually helps, more and more hotels, hostels, airlines, online booking systems, travel networks ... are present online with a Twitter account. Recently, RynAir (“Europe’s largest low fares” airline [4]) decided to shut down their Twitter account because the company got slammed (by whom or why remains to be found). It’s the perfect example of how an on-line community can influence the consumers. As long as your PR or marketing stuff is involved in keeping a good reputation for your good services (see the “good services” key phrase!) you shouldn’t worry much about this. On the other hand, more and more companies have Twitter accounts.

BootsnAll Travel Network runs their Twitter account to promote articles and involve the community in playing trivia. It’s a simple way to get visibility for the company in general and for their articles and services in particular.

A good way to insure both visibility and credibility is to have trusted persons run those accounts. Additionally, your company should have a spotless reputation as well. This can be created by insuring the top 5-10 searches for a particular key phrase (i.e. your company name) are directly coordinated by you. In simple words, your website, your blogs, your social networking profiles should show up first when someone “googles” your name.

Don’t forget to involve the community. Running special deals and contests only for Twitter users is a common thing now. For example, you can offer a free flight to a user who answers a trivia question; or you can offer Twitter-only discounts for your services (be it airplane tickets, hotel or hostels room, tours, etc.).

2.5. Word of mouth & blogging

This is a lesson every business involved in the travel industry learns really early in their life. If your customers are happy they’ll spread the word, either in person or on line (see 7&12). You wouldn’t recommend a place which you didn’t like, would you? In the same way, no one would spread the word if something wasn’t satisfying. And it can be as simple as writing you offer free wi-fi but in the room at the 3rd floor it just doesn’t work. But the person who stayed there expected to have wi-fi.

Here’s a good example. I stayed at a hotel in Romania. They had wi-fi as par of the room price. My husband insisted the wi-fi SHOULD work and we

were given a 1st floor room. The wi-fi worked, but only right by the lobby, if I wanted to stay by the window, I didn’t have any reception. Over all, I could use the internet (with glitches!) but had we been assigned a 3rd floor room, I would have probably been stuck in the hotel’s lobby to work!

Blogging is another way to spread the “word of mouth” only that your PR team will do it. Set up a blog section on your website and make sure someone handles that area well (you can even get a freelance writer to help). Write about your business, your special offers, your city, your country ... anything that can bring business and visitors.

A common way to get visitors and traffic to your blog is to organize contests provided the contestants link back to your content. It’s probably not the most ethical behavior, but it’s a way to draw traffic.

2.6. Think budget not luxury

Those involved in the travel business shouldn’t assume that luxury travel won’t take an even bigger hit. It will. It’s just a matter of time. Businesses all over the world cut back on business travel (which is a huge part of the 3-4-5 star hotels’ profits) and conference attendance or other events so the market for these is doing down as well.

Instead, focus on budget, independent travelers. If you run a travel agency, work with hostels and budget accommodations. Throw in free travel insurance and create a small, affordable package for those traveling on a budget. Use special occasions like St. Valentine’s or Easter to create affordable packages and promote them aggressively with the help of any media channel possible. Stay involved in the early booking programs which are taking over the markets all over the world. Greece and Bulgaria had such programs going on for years and Romania is following their lead as well.

2.7. Keep learning and be involved

Participate at conferences and events which deal with the anti-crisis measures. Learn as much as you can and don’t be afraid to apply creative ideas. After all, it probably cannot be much worse than it’s now so taking risks can actually help. Train your PR and marketing employees and make sure they are up-to-date with all the new ways of promoting your business.

Participate at travel fares: the more visibility for your business, the better for the sales. Promote your best and most affordable packages at such events. For example, if you represent a certain part of Romania at a fair, get a couple to dance to traditional folk music in traditional clothing. Your stand will get full attention in a matter of seconds.

2.8. The brand

Aim to create a brand. If you run a hotel make sure your restaurant is part of the same brand. Furthermore, your website should be created to reflect that. Add a blog section to write about the industry, your hotel, the city, everything that can get people to read. Promote the blog on social networking sites (see 7&12). You can even think of having some in-house tour guides and organize tours for your guests (again, make sure to use the same brand and strengthen it with each new idea). If you run a rooming house in the mountains, you can organize special events promoting the Romanian traditions.

2.9. Be visible everywhere

During crisis you really don't want to spend too much money on having your advertisement showing on TV (prices are in the range of \$500 for 30 seconds). However, you want to be visible ... everywhere. How to do that? Simple, look for an event organized by private companies or by the Town Hall. Offer a vacation in return of your banner being displayed. They can run a game or raffle, you get the exposure. Plus, really, it doesn't cost that much to give away a 3 days vacation, does it?

3. WAYS TO CUT COSTS

There are two different components of the profit: income and costs (expenses). In a time of crisis it only makes sense to start cutting the costs in order to make your products more affordable (yes, don't think of the profit that much! Remember, SUSTAINABILITY!).

Generally speaking you should start with cutting down the fixed costs. Install energy-efficient light bulbs, don't let the light on all the night both in a hotel and in the travel agency; shop around for ISPs and choose the best offer, etc.

Running a small travel agency? Don't pay full salary to the accountant, you really don't need to. Offer a part-time contract instead. Generally speaking you need a travel manager and two persons handling the internal and external bookings.

Similarly if you run a hotel try to cut down on the costs by changing shifts. If you run a hostel, you can allow travelers to work in exchange for a free bed. This is a very common practice all over the world. They can do anything from desk work to cleaning the rooms.

Offer alternative; breakfast shouldn't be part of the room price in all cases. The business travelers appreciate it but an independent traveler doesn't like to wake up at 7 a.m. just to get breakfast (trust me on this one! We paid for it and skipped it because it was TOO EARLY!).

Running a rooming house in the country? Excellent, it's time to have your own garden. Firstly,

you are sure your produce is organically grown and secondly you cut down a lot on the cost of raw materials for the restaurant. I know of a place which does this (in Romania) and I love eating their salads. They remind me of my childhood.

4. WAYS TO GENERATE MORE INCOME

We just talked about cutting down costs and now you hear about generating more income. No, we didn't misspell. There are simple ways to get some commissions your way:

a) *Sell traditional goods;*

If you run a rooming pension you can talk to the artisans in your area and offer to sell their goods for a small commission. Set up a small display with the most interesting items.

b) *Maps, brochures and other tourist staff;*

Create a small tourist information kiosk and offer to sell maps, books, post-cards, anything related to your area (for a small commission, of course).

c) *Guided tours;*

As part of your tourist kiosk, also offer to re-sell guided tours. You get the commission, the tour guides make sure they still get tourists and everyone is happy.

d) *Sell tickets: museum, concert and other events;*

You can get commissions if you offer to sell tickets as part of the tourist information kiosk. You are doing the museums a favor as well.

e) *Organize weddings;*

No matter where your hotel or rooming house is located, you can organize weddings and get a good commission for it. Work with specialized companies and offer to do your part (the restaurant, the music, etc) for a good price.

5. CONCLUSIONS

In a time of economic crisis, what you learned at school can literally be thrown out of the window. Gone are the days when you aim to promote your business at the TV or in the newspaper. The Internet has taken over and now we talk about sites, banners, blogs and tweets. Nowadays, a company is dead if they cannot understand the world of the Internet. Having a website and a copywriter to handle the content is a must. The more interesting and interactive a business can be, the more chances to draw the attention.

The word of the day is "creativity". The more you put your mind to think of unique ways to promote your travel business, the more chances to be seen by others. Remember how everyone's eyes are attracted by the dancing couple at the tourist fare? That's because in a huge room where something is quite dull, they suddenly become the center of attraction.

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