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BUSS320 – Marketing Management *“Holiday Inn to Turn Bar Into Social Hub”*

Deadline

Due by Saturday at 11:59 pm, ET.

“Holiday Inn to Turn Bar Into Social Hub”

Now that it is wrapping up a \$1 billion overhaul of its 3,400 hotels across the globe, Holiday Inn has turned its attention to its next project: redesigning and expanding its hotel bars to make them livelier.

At its annual conference for franchisees in Las Vegas this week, Holiday Inn parent InterContinental Hotels Group PLC unveiled a preliminary concept it calls the “social hub.” The plan makes the bar the center of several Holiday Inn services, including the restaurant, game room and business center.

The social-hub plan is partly an effort to address an issue that has dogged midmarket, full-service hotel chains like Holiday Inn for years. These hotels, especially those with 150 or fewer rooms, often don’t generate enough traffic to support full-scale, 24-hour food-service operations – at least not profitably.

It is also a response to the findings of a customer study that Holiday Inn conducted in 2007 and 2008, when it canvassed 10,000 midscale hotel guests in six major cities.

Among other things, the study found that frequent Holiday Inn guests – who are most often middle managers, route salespeople, entrepreneurs and government supervisors – want to be around other people rather than holed up in their rooms, Holiday Inn executives say.

“These are more extroverted, charismatic people who like people,” says Kevin Kowalski, senior vice president of global brand management for Holiday Inn. “They’re not going to hang out in their rooms and watch TV. They’re just social animals.”

That’s partly why Holiday Inn wants the bar to play a bigger role at the hotels. The social hub would tailor Holiday Inn’s lunch and dinner menus to bar fare that can be shared, such as gourmet meatballs, sesame chicken wings, hamburgers and a few significant entrees, such as steaks and salmon club sandwiches.

Those changes would allow for more food to be served by the bar staff, which in turn would allow Holiday Inn’s franchises to limit their labor costs by reducing restaurant staff, especially at slow times of the day.

“We’re not thinking about it as dinner,” Mr. Kowalski says. “We’re thinking about it as this evening social occasion. You may want just a snack or a burger with friends.”

Holiday Inn would still treat breakfast as the most substantial meal it serves. But the social-hub concept will make breakfast more of a self-service offering, with buffets and cook-to-order stations for omelets and the like. That, too, would allow Holiday Inn owners to pare labor costs by limiting their wait staffs.

Other aspects of the plan call for moving other services adjacent to the bar, such as the hotel’s business center, game room, dining patio and lobby. Holiday Inn envisions that the game room will offer such diversions as a Wii game console and billiards table and the patio will feature fire pits and cabanas.

Several Holiday Inn franchisees interviewed at the Las Vegas conference were receptive to the social-hub project, especially because it promises to help them cut costs. “Franchisees have to make sure they are pushing forward and keeping their hotels relevant.”

Reference

Hudson, K. (2010). Holiday Inn to turn bar into social hub. *The Wall Street Journal*. Retrieved from <http://online.wsj.com/article/SB10001424052702303443904575578613162270270.html>

Directions

The marketing managers of this business have made certain decisions about the company's marketing strategy. This is what building a marketing plan is all about.

For each strategic point below, write a paragraph describing how they are answered in the above article. Be specific in your response, and include examples from the article.

Strategic Points:

- Problem definition
- Customer profile: a. Segmentation; b. Target market; and c. Positioning.
- Operations cost

In your final paragraph, analyze the strategy utilized in the article. Evaluate and describe whether their planning will be successful. Determine and explain if you believe the plan will work. Justify your response.

Requirements

Your essay should be approximately 600-800 words.

Support should be cited in APA format.



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