



FINDING THE Middle

Imagine a market that encompasses 80 or 90 percent of all travelers who seek out “value” rather than bargains; and that takes in every imaginable demographic of age, ethnicity, geography, and special interest.

That market exists. But it seems to have been neglected in the rush to reach the 5 percent of consumers at the top and the bargain hunters, who will spend hours online to save a few dollars. This marvelous, mystery market is called the middle market. Yes, you’ve heard of it but it’s not a frequently used phrase these days as travel companies reach out to every conceivable niche, while perhaps ignoring a huge population that takes in so many niches.

There is good reason why the middle market has been overlooked. For one thing, it is not as easy to reach as in the past—mainly because those consumers have changed. Where there might have been a definable mass middle market years ago, it seems no longer to exist in the way it once did.

Consider a brand called Holiday Inns.

Exactly 50 years ago this coming August, Kemmons Wilson returned from a business trip unhappy with the standards of the hotels at which he was forced to stay. So, he created a product that was consistent, of high quality, and that appealed to just about every traveler in America who drove a car down a highway.

As Holiday Inns celebrates its golden anniversary this year, it has become a different product, marketing to a different group of customers—although it maintains its very broad appeal.

Greg Price, vice president-marketing for Holiday Inns, says, “More people stay in and meet in our hotels than in any other brand. Over 50 percent of Americans will stay in a Holiday Inn this year and over 90 percent have stayed in one at some point in their lives. We have a very big audience.”

However, as Price is quick to say, reaching that audience—and having the right product for them—has changed quite a bit since Wilson’s brainstorm. According to Rice, “There are a lot more groups out there with a lot more specific

Market

In an effort to attract the business of travelers who are willing to pay top dollar as well as bargain hunters, marketers are missing an enormous business source—the 80–90 percent of those who are seeking value—the middle market.

BY HARVEY CHIPKIN

needs; and their expectations are a lot higher; for one thing, the quality of everything has gone up.”

He makes his case by pointing to the cookie—yes, the cookie. “What was a cookie 50 years ago?” asks Price, rhetorically; “It was a simple little item.” Today it is a Mrs. Field’s cookie that might be huge with a great variety of ingredients and of a very high quality. It’s the same with an automobile. “And don’t forget,” adds Price, “there is a lot more competition in the middle market now.”

Defining the Middle Market: Value Is Key

Everybody has his or her own definition of the middle market, but one word keeps coming up: value. Says Price, “Those in the middle market have a desire for value, which is different from price. The question this consumer asks is: ‘how can I get things I really want at a fair price without having to give up a lot?’”

Maureen O’Hanlon, a veteran hotel marketer and now a partner in a Minneapolis company called Marketing

Arts, says, “Probably 95 percent of the market wants the same things and the rest just want some modification. The consumer hasn’t moved away from his or her needs; it’s just become more nuanced.

“You want to appeal to everybody,” adds O’Hanlon, “but you don’t want to say that, because each person wants to feel special. Ultimately, what all marketers are after, no matter how small a niche—is as many customers as they can get.”

George Rushton, managing director of Warner Vacations, which booked a hefty 400,000 customers on its United Kingdom vacations last year, uses the phrase “affordable aspiration” to describe the middle market that he is reaching. Using that parameter, says Rushton, his clientele includes a larger number of schoolteachers, but also retired CEO’s.

The Middle Market Consumer—Salad Bar on Steroids

It’s widely agreed among executives who target the middle market that the big change in recent decades is the desire for quality and choice among those con-

sumers. Wayne Wielgus, senior vice president-sales and marketing for Choice Hotels, says, “The needs of the middle market have changed and any company has to offer consumers what they’re looking for. For instance, we have standards that are better than upscale hotels in many areas but we push the brands in terms of being relevant to the consumer so they don’t pay for what they don’t want” (a recurring theme among middle marketers).

Vicki Freed, senior vice president of sales and marketing at Carnival Cruise Lines, agrees, saying, “People expect more value and more quality.”

While Price pointed to the cookie, Freed pointed to the salad bar, which, she notes, “was a big deal in the old days if you simply had one. Now you need six kinds of dressing—low-fat, no-fat, etc. And the food selection itself has to be incredibly elaborate.”

“Each year,” says Rushton, “we keep trying to ‘shoot ahead of the goose’ in terms of quality. Each year customer taste gets more refined—so we add more to

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—Phil Baxter,
Four Points Sheraton,
Los Angeles
International Airport

our food offerings like a la carte restaurant meals; and continually add improvements in terms of leisure activities—more choice, more quality in general.”

Even the geographical location of the middle market customer might change. As Freed notes, cruise ships used to leave from one or two ports. Carnival now has 18 ports in the United States—each easily accessible by car. Cities like Memphis and New Orleans are now ports for major cruise ships and this, says Freed, “dramatically broadens the market.”

Changing Product: Can a 5,000-Room Hotel Please Everybody?

Better quality is only one factor in the need to upgrade and refine products. Responding to needs that change is challenging in a business where a product might be as difficult to change as a large building or a mega-cruise ship. But there are strategies. Says Price, “We are moving toward smaller hotels that are still designed to give an excellent full-service experience. The idea is not to try to do everything but to do what we do well.”

In the case of Holiday Inns, that means switching from that perennial hotel coffee shop to a bistro restaurant with a small menu that utilizes space efficiently and is efficient to operate. The new Holiday Inn prototype has a lobby, restaurant, and a lounge, which are integrated and compact.

“Physical changes can happen,” says Price, “as long as we don’t walk away from the hallmarks of the brand—being business friendly and guest friendly to the leisure and family markets.”

Price continues, “You will no longer see a swimming pool in a clump of concrete at one of our hotels. We have to provide a facility that’s engaging, a place you would want to swim in. It’s doing the basics right. Similarly, the business traveler has to find it a place that’s easy to work in and the bathroom has to be an appealing space because all travelers spend so much more time there.”

According to Freed, “Our goal is to make an individualized product through service. That might mean a waiter bringing milk and cookies to a cabin where children are staying; or a crew member doing a magic trick. Even though a prod-

uct is mass market, it can be customized. We call those interactions between crew and individual passengers moments of truth.” And it is possible, says Freed, to satisfy many niches within one product without alienating the great majority. She says that her own ships now have reservations-only restaurants, but retain their original dining rooms and always will.

“On board we will always offer our core product,” says Freed, “then create choices to trade up—like balconies or those alternative restaurants. But I have many customers who take four cruises a year—always at the lowest fare. They don’t care because they’re never in their cabins anyway.”

She notes that huge Las Vegas hotels like the MGM Grand might have more than 5,000 rooms and a wide choice of fast-food outlets—but they will also have adjoining upscale restaurants. And she points to Orlando—as mass market a destination as there is but with wide choice of lodging and attractions for everyone.

Can the Middle Market Be Hip?

Style and even hipness can work to enhance the new middle market product. Phil Baxter, general manager of the Four Points Sheraton at Los Angeles International airport, runs a classic middle market property. But he acts as though he were operating a cutting-edge boutique hotel.

“In this market,” he says, “we are not a marble and brass hotel, but we have tried to look more like a boutique property that emphasizes product differences.” Baxter has come up with some out-there promotions such as a beer sommelier, who recommends food/beer pairings (which might just about sum up middle market creativity); allowing guests to stay 24 hours no matter what time they check in; and scheduling jazz in the lobby. “The road warrior business traveler,” says Baxter, “is not looking for pretension, but he or she still wants an experience and does not want to be bored.”

Baxter says he aims for “cheap chic”—converting his lobby into “a living room/club” with music and design. “We want to tell a story,” he adds, “that is more interesting than the usual middle market hotel.” It seems to work—last year