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Replacing Place In Marketing-Mix Strategy For Hospitality Services

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Abstract

In the conventional marketing mix, a focus on physical distribution handicaps the use of "place" in planning marketing strategy for hospitality services. To replace it, the article introduces a new group of variables called "performance," which focus instead on availability and accessibility. The author does not intend to offer detailed descriptions of specific variables but rather to suggest associations and relationships among issues and options in marketing hospitality services that may not previously have been recognized, and to address the diverse segments of the hospitality services industry in general, including lodging, food, beverage, private club, cruise ship, and travel-destination services.

Keywords

Peter Goffe, Replacing Place in Marketing-Mix Strategy for Hospitality Services, Product, Target customers, Dismarketing, Middlemen, Total distribution, Concentrated distribution, Selective and dual-selective distribution, FIU, Beverage

Replacing Place In Marketing-Mix Strategy For Hospitality Services

by
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In the conventional marketing mix, a focus on physical distribution handicaps the use of "place" in planning marketing strategy for hospitality services. To replace it, the article introduces a new group of variables called "performance," which focus instead on availability and accessibility. The author does not intend to offer detailed descriptions of specific variables but rather to suggest associations and relationships among issues and options in marketing hospitality services that may not previously have been recognized, and to address the diverse segments of the hospitality services industry in general, including lodging, food, beverage, private club, cruiseship, and travel-destination services.

All marketers have a wide variety of options available to them in their effort to influence demand for their product. Modern marketing theory classifies these variables into four groups — product, price, promotion, and place — collectively referred to as the marketing mix.

The literature on hospitality services marketing has always had a problem in trying to come to terms with this marketing-mix classification. Much of this confusion derived from the earlier belief that services were not products. Reneghan expresses this frustration clearly by rejecting the classification outright and proposing an entirely new one.[1]

This proverbial "baby-and-bath-water" cure is unnecessary and counter-effective. Yet even with the acceptance today that "the concept of product is not limited to physical objects,"[2] the traditional marketing mix as commonly presented remains for planning hospitality services marketing strategy.

The flaw in applying the conventional marketing mix to hospitality services is not with product but place. Place is traditionally treated by the literature as centering on the issue of distribution. This is typically presented as the problem of physically moving the product from the producer when and to where the consumer desires.

Kotler defines a distribution channel as "the set of firms and individuals that take title, or assist in transferring title, to the particular good or service as it moves from the producer to the consumer."[3] McCarthy defines place variables as "concerned with getting the right product to the target market...Goods and services move to consumers through channels of distribution."[4]

To the extent that it is influenced by target customers' preferences,

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the site-location decision for hospitality service organizations can be considered as having physical-distribution aspects involving the producer "moving" to where the customer is or wants to be.

However, the hospitality service product itself cannot be moved. It is not a physical object, but intangible and experiential. It cannot be produced in advance of consumption nor can it be stored. It is an act done to and for others that fully exists only while and where it is being experienced.

Defining place only in terms of physical distribution is inapplicable to services in general. The services marketing literature recognizes the problem but seems to admit defeat in dealing with it. In a survey of service firms, George and Barksdale drew meaningful conclusions regarding marketing practices for all components of the marketing mix except place, pleading "definitional problems."[5] Hospitality services share this problem. As a result, its marketers continue to encounter difficulty in exploiting the full value of the marketing-mix concept in marketing-strategy planning.

Because the processes of production and consumption of hospitality services are simultaneous and mutually inseparable, hospitality service organizations are at once producers and retailers. Their distribution decisions are governed by this dual role.

To maximize the potential contribution of place variables in hospitality services marketing strategy, a broader, non-traditional interpretation is necessary, one which takes into account the intangibility and inseparability characteristics inherent in the product. Such a revised interpretation would help to improve marketing-strategy planning for hospitality services by organizing and classifying available opportunities for action that may previously have been missed or not thoroughly explored.

Variables Extend Beyond Site

The location of the production/consumption site is a vital decision in hospitality services. However, hospitality service companies face a number of other distribution-related decisions that extend considerably beyond site location. Their challenge is not to move their product to target customers. Instead, it is to create opportunities for target customers, given the intangibility and inseparability of hospitality services, to purchase and consume the product where and when they want to. These conditions are essential prerequisites that enable providers of hospitality services to perform exchange transactions with target customers.

This emphasis on target customers' desires is critical. They provide the focus for all distribution decisions marketers must make. No other factor is as important, and what nontarget customers may prefer is irrelevant. In fact, marketers of some hospitality services may purposely practice dismarketing — a strategy deliberately designed to dissatisfy or destroy demand among undesirable markets.

For example, many private clubs choose purposely to exclude potential customers they identify as undesirable on the grounds that it is what their target customers want. Marketers of these types of hospitality service may seek to restrict accessibility and availability for undesirable potential customers while working to increase exchange opportunities with target customers.

Marketers work to create these opportunities through various specialized decisions dealing with the location and timing of purchase and consumption opportunities. Because these factors determine whether exchange transactions between producer and target customer can ultimately be performed, they can be categorized as performance variables. Performance represents all decisions and activities intended to make the product accessible and available for purchase and consumption by target customers where and when they want.

Table 1 summarizes the variables included under performance. The focus of these variables is not physical distribution but accessibility and availability. Certain traditional place variables, such as location and market-coverage decisions, are grouped with aspects of hospitality services not previously treated as part of the traditional marketing mix, such as regulating the timing of demand and productive capacity.

Table 1
Performance Variables

Accessibility Decisions	**Availability Decisions**
Location of access points —on-site —off-site	Demand controls —stimulation strategies —scheduling strategies
Types of access points —direct —indirect	Capacity controls —labor management —facilities management
Distribution of access points —total —concentrated —selective	
Middlemen relations —form, terms and conditions of relationship	

In their efforts to influence demand for their services, in addition to product, price, and promotion variables, marketers of hospitality services must also analyze, plan, act on, and control performance variables. To do this, they face the decision issues mentioned above: location of access points and timing of availability for both purchase and consumption.

A product's value is realizable to target customers only if they can purchase or consume it where they want. Their dual producer/retailer role requires that marketers of hospitality services create purchase and consumption place utility for target consumers by deciding where the product can be bought or consumed. This is the issue of managing product accessibility.

Customers must also be able to purchase or consume the product when they desire if they are to realize its value to them. Again, because of their dual role, marketers of hospitality services must create both purchase and consumption time utility for target customers. This is the issue of managing product availability.

Although for hospitality services in general the two issues are of equal importance, availability decisions will be studied before accessibility decisions because availability is focused internally within the organization.

Availability Decisions Are Key To Marketing

The major timing decision marketers face is how to make their product available for purchase and consumption by customers when and in the quantity customers want. The availability of hospitality services is determined by the relationship between the level of demand and the level of productive capacity. Faced with the limitation of being able to sell only as much as can simultaneously be consumed, marketers of hospitality services are particularly sensitive to this relationship.

Inefficient management of this relationship can result in high costs. The higher demand is than capacity, the less product will be available than can potentially be sold and the higher the cost in lost potential sales. The lower demand is than capacity, the more product will be available than can be sold and the higher the producer's costs of unused capacity. If profits are to be maximized, ways must be found to limit or avoid excesses and shortages of demand and productive capacity.

The objective of managing product availability is to maximize profits by matching demand and productive capacity.[6] This is particularly urgent for hospitality services where the benefits are immediate and the customer's physical presence is required.[7] There are two problems to resolve in achieving this objective: stabilizing fluctuating demand and developing variable productive capacity.

• **Stabilizing fluctuating demand.** A recent survey found that, of those problems identified, fluctuation in demand was considered by managers of service firms to be their "most troublesome."[8] Insuring product availability is a major problem for hospitality services that experience fluctuating short-term demand.

The degree of short-term demand fluctuation is greater for some hospitality services than for others. For example, most institutional food servers experience relatively steady demand for their product. On the other hand, marketers of private clubs typically enjoy minimal or even nonexistent demand fluctuation. But most hotels, restaurants, and bars face a significant and ongoing marketing problem of managing demand fluctuations profitably.

Various strategies are used for stabilizing demand. They may be categorized as stimulation or scheduling strategies. Stimulation strategies seek to cultivate and increase demand in current or new markets. They use advertising, personal selling, sales promotion or publicity techniques. Scheduling strategies regulate the time pattern of existing demand, the primary such strategy used in reservation systems.

Reservation systems are widely used in hospitality services such as hotels, restaurants, and cruise ships. Product availability is managed by controlling the number of consumption commitments accepted for future time periods. Demand levels may be stabilized by varying product availability and the amount of reservations accepted over different periods. Marketers must decide on reservation service objectives and establish reservations policies and procedures.

• **Developing variable capacity.** For marketers of hospitality services that experience highly fluctuating demand, the more short-term productive capacity is fixed, the less the opportunity to maximize profits. Strategies must be developed to allow productive capacity to be geared up or down in immediate response to demand. Producers develop variable capacity through the management of personnel and physical facilities. Personnel strategies seek to keep labor productivity levels variable by controlling the number, scheduling, and utilization of employees. Some examples include using part-time staff, overtime and shift scheduling, and include employees skilled in doing different tasks.

Physical facilities can be expanded or contracted through the use of variable space, shared facilities, or mechanization. Examples include having buildings in sections that can be operated independently, rooms with moveable partition walls, expandable tables, roll-away beds, dining areas served by a common kitchen, and high-volume or high-speed equipment.

Accessibility Is Important

Marketers of hospitality services must provide customers with access to purchase (or commit to purchase) and consume their product. They themselves seek physical access to customers, often through the same location, for personal-selling activities, such as prospecting and qualifying, disseminating product information, and negotiating and consummating sales. The main decision issues concerning purchase and consumption accessibility are the location, types, and distribution of access points.

• **Location of access points.** Marketers of hospitality services influence the accessibility of their product to target customers by their choice of site location.

As the site itself is so often an integral part of the particular product experience, it has a dual function in the marketing mix for hospitality services. While the site-location decision is included under product as it relates to the experience, here it must be simultaneously included under performance as it relates to accessibility. As Donnelly points out, "making services available is often a product development as well as a distribution problem."[9]

Inseparability means that the location decision is at once for both production and consumption. The site can conveniently be described as the operations site, and it exists wherever the consumer is provided with hospitality services. This includes any site chosen by a consumer as the site of catered or delivered food service.

Purchase and consumption access may be provided at the same or separate locations. On-site access offers customers the opportunity to

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purchase the product where they consume it. This is typical for most hospitality services. Since production of hospitality services is always finished on-site, off-site access can be provided only for purchase, not consumption. In either case, purchase and consumption access may be provided by the hospitality service organization itself, through others or both.

Some hospitality services may not be made available for purchase where they are consumed. Instead, they may have to be bought off-site through a middleman. For example, vacation cruises typically cannot be bought on a cruise ship but must be purchased through an intermediary such as a travel agent.

Decisions regarding on- and off-site purchase and consumption access are influenced by considerations of where target consumers prefer to perform each activity, as well as by company resources and established industry practice.

While with few exceptions hospitality service producers are not concerned with moving their product to target customers, they are concerned with the reverse movement: whether and how consumers can and are willing to come to them.[10] As part of the location decision, marketers of hospitality services have to evaluate the attraction strength of the site in motivating target consumers to make the effort to deliver themselves there. They also have to insure the availability of means for target consumers physically to get to the site.

Consumer transportation is an important accessibility factor in hospitality services. Consumer transportation intermediaries play a major role in making hospitality services physically accessible for consumption by target customers. These include airline, bus, train, taxi, motorcoach, and auto rental firms. While marketers of hospitality services typically play little or no role in customers' choice of transportation mode or carrier, their ability to attract and satisfy target customers may be significantly affected by consumer transportation factors.

In making their site-location decision, hospitality service organizations must consider the availability, cost, scheduled frequency, and capacity of these intermediaries. Consumer transportation intermediaries can also be valuable to producers in providing cooperative marketing opportunities.

As part of the benefit they provide their customers, marketers of some highly customized hospitality services, such as off-premise catering, institutional food service, and delivery-only food service, may choose to allow customers to make the operations-location decision and provide the site themselves. However, this discussion is limited to those hospitality service organizations that typically require customers to come to and consume their product at a fixed site provided by the producer.

• **Types of access points.** Marketers of hospitality services may use any of three different types of access channel. The company may operate its own (direct channels), use independent agent middlemen (indirect channels), or use a mix of both at the same time (dual channels).

Direct Access Provides Control

The implications of inseparability and simultaneity of production and consumption make it particularly effective to allow customers to purchase most hospitality services direct from producers and for producers to sell directly to target customers. Direct channels also provide marketers with the advantages of control and direct customer contact. However, marketers of some hospitality services, for example, cruise lines and destination tourism organizations, may not provide any direct purchase opportunities or do any direct selling.

There are two types of direct access points: company consumption point and field reservations and sales office.

• **Company consumption point.** A company consumption point is distinguished from one operated by certain types of middlemen. Although the consumption point offers an opportunity for direct personal selling to captive customers in the act of consumption, it is often under-utilized. Personal selling of hospitality service during consumption may be intended to increase current consumption, generate repeat purchase in the future, or stimulate referral. It is the most economical direct access point for personal selling and the most persuasive.

• **Field reservations and sales office.** Hospitality service companies may choose to maintain their own field reservations and sales offices away from the operations site where customers can purchase or commit to purchase the product and from where they can actively sell to customers.

Many of the decision issues associated with a company establishing and managing its own field sales force are the same for middlemen. For both, marketers must decide on what is expected of them, the types and how many to use, their compensation strategy, and their selection, motivation, and evaluation methods.

Whether they apply to a company sales force or middlemen, these decisions directly affect the purchase accessibility of hospitality services and should properly be included under performance. However, this discussion is limited to only those decisions that apply to middlemen.

Middlemen Provide Specialized Expertise

Indirect channels allow marketers to benefit from the scale of operation, specialized expertise, and the superior efficiency and effectiveness of middlemen in making their product available and accessible and in doing personal selling to widely dispersed target customers.

Cruise lines and destination tourism organizations often use indirect channels exclusively. On the other hand, middlemen may play little or no purchase or selling role in other hospitality services, such as independent restaurants.

A decision to use middlemen as purchase points and personal-selling outlets in turn requires a number of consequent decisions concerning the management of middlemen relations. Marketers of hospitality services use two main types of middlemen to provide customers with purchase access: agent middlemen and franchise middlemen.

• **Agent Middlemen.** There are two major types of agent middlemen: travel agents and contract agents. The first, travel agents, accounts for the largest single group of agent middlemen. There are two basic levels of travel agent: wholesale and retail, differentiated by their principal

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market. Wholesale travel agents derive their revenues primarily from the sale of travel and hospitality services to retail travel agents. They include tour operators, tour packagers, and tour wholesalers.

Retail travel agents derive their largest sales volume from organization markets and ultimate consumers. They buy travel and hospitality services on behalf of their customers directly from producers or from wholesalers. They are also called travel retailers or travel agents. With their scale of operation and extensive retailer relationships, wholesalers are efficient and effective intermediary suppliers of hospitality services to retailers. They help producers provide scattered retailers with a choice of purchase sources. Wholesalers also perform a valuable assorting and selling function for producers by combining different travel, hospitality, and related services into packages that appeal to target customers, and making these packaged services available to customers through retailers.

Marketers using both levels of agent middlemen are usually sensitive to their relative status and careful to avoid arousing conflict between them. One way of doing this is by making sure pricing, payment, and commission policies are different for wholesalers than retailers.

Second, marketers of hospitality services may choose to enter into formal agreements with contract agents and brokers to sell to customers and provide them with purchase access. These include general sales agents, representation firms, and independent reservations service companies. General sales agents and reservations companies provide hospitality marketers with more specialized services than representation firms, some of which offer a range of marketing information and communications services.[11]

• **Franchise Middlemen.** One of the most widespread indirect access channels in hospitality services is the franchise system, particularly well-established in lodging services and in some types of food service. A franchise system is a contractual retailing organization in which a franchise marketer licenses independent middlemen as its franchisees to own and operate consumption points for its unique hospitality service concept. This makes it possible to have indirect consumption points.

Franchise middlemen differ from other middlemen in two principal respects: They compensate the franchisor while other middlemen are compensated by producers, and, again unlike other middlemen, they are involved in the production of hospitality services according to the franchisor's specifications.

Dual Access Means Cooperation

Dual channels can cause conflict when a producer actively sells in the same markets as its middlemen. But it is an accepted strategy for many hospitality services, especially commercial lodging services.[12] Where dual channels are used in distributing purchase access, the relationship between producers and middlemen is mutually complementary and characterized more by cooperation than conflict.

With dual channels, there can be varying degrees of competition horizontally among middlemen and vertically between middlemen and direct channels. Some middlemen may develop the market power to direct significant sales volume away from particular producers.[13] The awareness of this threat makes marketers using dual channels careful to protect the interests of middlemen and avoid decisions that might antagonize them.

Distribution Decisions Vary Widely

Marketers of hospitality services have to decide on how widely to distribute purchase and consumption access points over the market area. This applies to all types of direct and indirect access channels, including consumption sites, field reservations and sales offices, and agent and franchise middlemen.

Some marketers may face a distribution decision for a relatively standardized product under one brand at multiple outlets. Others may offer different products under multiple brands at multiple locations. The choice of distribution alternative varies with the type of hospitality service. Marketers can choose any of three degrees of market coverage: total, concentrated, and selective distribution.

• **Total distribution.** Some marketers may decide to seek the widest possible coverage of the entire market by providing as many access points as possible without any particular preference. This strategy has the advantage of maximizing market exposure and customer convenience and eliminating the task of evaluating and selecting from alternative access points.

Pursuing total distribution can be costly. Total distribution through direct channels is prohibitively expensive for most marketers. It is more than likely also to represent a relatively inefficient use of company resources, given the availability of indirect channels.

Indirect total distribution can also be costly where the available middlemen are plentiful, widely dispersed and mostly small-volume sellers. It may also fail to differentiate among middlemen according to potential or productivity and so offer no opportunity to give or gain preferential treatment or stimulate more than average effort.

Total distribution may be most feasible using dual channels. Because of higher cost, direct access may be used where customers are fewer and geographically concentrated and each spends more. Indirect access can then be used to reach and provide purchase points for all other customers who are too numerous, widely-scattered, and diverse in their buying behavior for direct access to satisfy as efficiently or as well.

Many lodging service firms follow an access distribution strategy of pursuing total market coverage through this use of dual channels. They assign the company sales force to reach and retrieve business for organization markets and rely on agent middlemen to do the same for them for individual consumers buying for their own personal benefit.

• **Concentrated distribution.** A concentrated distribution strategy carries out selling activity and offers the product for purchase only at one access point. Of the three strategies, concentrated distribution offers the least market exposure and customer convenience, but is the least costly and allows the most control.

Direct concentrated distribution of hospitality services is widespread.

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For example, many country clubs and eating and drinking places do personal selling and permit purchase only at a single consumption location.

Indirect concentrated distribution through a single middleman is unlikely in hospitality services except in terms of the territorial rights of contract agents and franchise middlemen. Both these types of middleman can be granted exclusive rights within carefully defined territories.

• **Selective distribution.** This "happy-medium" strategy seeks to obtain the advantages of both total and concentrated distribution without the disadvantages of either. Under a selective distribution strategy, marketers of hospitality services carefully choose the number of access points through which they will work. By using multiple but not all available access points, they obtain more market exposure than concentrated distribution at less cost and more control than total distribution.

Expansion Provides Control Problems

Access points selected may be direct or indirect. Choosing the number of company consumption points or field reservations and sales offices may be based on many of the same criteria. Both are likely to be heavily influenced by market-development and market-penetration opportunities as well as by company resources. For both, as the number of locations increases, customer convenience and market exposure also increase, but so does the resource cost and the difficulty of control.

The problem of control of multiple consumption outlets inhibits some hospitality service companies from expanding. Others consider it to be manageable or are prepared to take the risk in return for the increased profit opportunities.

Instead of multiple locations, many marketers of lodging services achieve greater control and scale economies in their field reservations services by minimizing the number of locations. Often, for example, they centralize all field reservations activities in one place conveniently accessible by a single, toll-free, 24-hour telephone number.

Under a selective distribution strategy, the number of company sales offices chosen will be more than one but less than all that are possible. The choice will depend on sales force objectives and organization and the amount of work calculated to be required to accomplish the objectives.

The number of contract agents to use to sell and provide purchase access is influenced by the decision regarding the number of company sales offices to use. Contract agents may be used as a primary sales force where a company sales force does not exist, or as a secondary sales force to supplement and extend the activities of the company sales force. Franchise marketers use selective distribution to screen out unsuitable retailers such as those with poor credit ratings. The number of franchise middlemen chosen depends on the franchisor's growth strategy and growth opportunities targeted.

Marketers using dual selective distribution deliberately choose to use more than one but not all the available direct and indirect alternatives to reach target customers with a personal-selling effort and provide them with opportunities for purchase. As with total distribution, each channel may be specialized for use in particular markets.

Some franchise middlemen have complained that, under dual selective distribution, the franchisor reserves the best consumption locations for its own outlets while they get only the marginal sites. Franchisees also complain that franchisors often try to take over a successful franchise middleman's outlet by terminating or refusing to renew his franchise agreement.

Management Policies Required For Middlemen

Marketers of hospitality services who elect to use middlemen must establish management policies according to the type of middleman. They must define the form, terms, and conditions of the relationship and develop marketing strategies targeted at middlemen.

Relationships with middlemen may be voluntary or contractual. Those with contract agents and franchise middlemen are always carefully spelled out in a formal, written agreement. Those with wholesale travel agents are often contractual, while representation of a producer in a sale by retail travel agents is generally voluntary.

The terms and conditions of the relationship may cover a wide range of elements that vary with the type of middleman and the kind of hospitality service. Some of the elements requiring definition may include price policies, reservations-handling procedures, compensation policies, payment and credit terms, territorial definitions, and mutual responsibilities.

Certain elements will be more important to some middlemen than others. From hotels and cruise lines, for example, wholesale travel agents will often want blocs of reserved space, discount and net rates, and commissions sufficiently above what retailers get. Both wholesale and retail agents will want assurance of guaranteed reservations and acceptance of their credit vouchers. Only contract agents and franchise middlemen may require decisions establishing their territorial rights.

Compensation policies are important to all middlemen, but components vary with each. For travel agents, the standard is commissions alone. For contract agents, compensation may be based on straight commission, a flat fee, or some combination of both.[14]

Franchisors' compensation from franchise middlemen can be made up of multiple different components. These may include an initial investment fee, royalty fees, rental and leasing fees, and a percentage of profits.[15]

Marketers of hospitality services who use indirect access channels need to approach middlemen as a distinct target market. They must know how to choose which middlemen to work with and service. Marketers also need to be able to attract desired middlemen to do business with them.

• **Selecting middlemen.** All available middlemen may not be subject to being chosen. Marketers of some hospitality services have little freedom to choose which or how many agent middlemen will sell and provide access to purchase their product. This is especially true for lodging services and retail travel agents.

Lodging establishments traditionally accept purchase commitments from any intermediary legitimately acting on behalf of a customer. Strictly speaking, according to this practice, any agent middleman may buy and sell any lodging service without first having to obtain the service provider's permission.

However, it is up to marketers to decide which agents to compensate. So, while all agent middlemen may be free to facilitate buying on behalf of customers, marketers are themselves free to choose which agents to pay commission to facilitate selling on their behalf. Some hotel marketers choose to pay minimal or even no commissions to any travel agent, much the way it was in the early 1940s.[16]

Marketers are also free to select which agent middlemen to approve for preferential reservations, rates, credit, commissions, or cooperative marketing efforts. Wholesalers and retailers may be classified according to the assortment of hospitality services sold, price/quality image, target market, location, ownership, and brand sponsorship.

Careful selection is essential when entering into formal contracts with middlemen. Marketers of some lodging services need to be cautious in choosing which wholesale travel agents they agree to give preferred terms and conditions, particularly where this concerns granting discount rates and blocs of rooms reserved for the exclusive use of specific wholesalers over a period of time.

Selection of contract agents and franchise middlemen is usually given especially close attention. Franchise middlemen are evaluated on factors such as location, financial stability, and future potential. In addition to these criteria, contract agents can be evaluated on assortment of hospitality services sold, price/quality image, type of clientele, reputation, length of time in the business, size and quality of reservations, and sales staff and cooperativeness.

Once middlemen have been selected and given preferred status, their performance must be monitored and evaluated periodically to determine their continued eligibility to be among those chosen. Performance standards must be established and middlemen ranked according to how they measure up against them. Positive and negative variances can then be clearly isolated and effective action focused on maintaining or increasing performance where needed. Unfortunately, many marketers make little or no effort in this area. Often, they fail to track the production of any indirect source of business.

• **Servicing middlemen.** Marketers of hospitality services are interested in securing active, continuing support from their middlemen. To achieve this, it is not enough to choose middlemen carefully and establish efficient management policies. These must be supplemented by deliberately planned middlemen service programs that treat middlemen as marketing allies.

Some marketers of hospitality services are ineffective in forging close partnerships with middlemen. One reason is that they often take middlemen for granted and see no reason to make any extra effort to appeal to them. Another reason is that, even where middlemen are seen as worthwhile targets for special marketing efforts, such efforts are thoughtless-

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ly thrown together at the last moment rather than being carefully planned.

Servicing middlemen effectively must begin with recognizing them as a market of independent people motivated first by the particular goals, problems, needs, and wants of their own firms. They are primarily interested in satisfying their customers rather than in the needs and wants of their suppliers and frequently negotiate with suppliers more as adversaries than as allies.

Middlemen service programs are intended to turn this attitude around. Working from the middleman's entrepreneurial perspective, they recognize middlemen as a separate target market and approach middlemen's goals and objectives as an opportunity to develop a preferred alliance with them. Tactics to keep middlemen continuously well informed and motivated include advertising, personal selling, publicity, and sales promotion techniques.

Direct mail and industry publications are the primary advertising media used. Marketers may dedicate a sales force to communicate with and serve the interests of middlemen. Sales-promotion devices for middlemen include faster commission payment, override commissions, premiums, bonuses, cooperative advertising offers, contests, sweepstakes and games, packages, point-of-sale materials, specialty advertising, push money, and complimentary product-familiarization offers.

• **Attracting middlemen.** Middlemen also choose whose services they will sell. Marketers may need to be concerned with making themselves attractive to desired middlemen. Franchise marketers are especially interested in attracting qualified franchise middlemen. Attracting such individuals includes and goes beyond the terms and conditions of the relationship and middlemen service programs. Franchise marketers also need to measure up favorably against some of the same evaluative criteria non-franchise marketers use to pick agent middlemen, such as reputation, length of time in the business, financial stability, and growth potential.

The variables traditionally classified under place in the marketing mix typically fail to provide much guidance or direction in planning marketing strategy for hospitality services. This is because they focus on the issue of physical distribution. While site location is an important factor in the distribution decision for hospitality services, given the constraints of intangibility and inseparability, the real distribution challenge is to create opportunities for target customers to purchase and consume the services where and when they want. The focus of this challenge is not physical distribution but accessibility and availability.

This involves the issues of location and timing of purchase and consumption opportunities. Since they determine whether exchange transactions can be performed, these issues are better categorized under performance than place in the hospitality-services marketing mix. Performance represents all decisions and activities intended to make the product accessible and available for purchase and consumption by target customers where and when they want.

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Availability decisions seek to manage the relationship between demand and productive capacity levels. Accessibility decisions concern the location, types, and distribution of access points for purchase and consumption. Marketers who elect to use middlemen as purchase points and personal selling channels must devise strategies for managing middlemen relations. They must define the form, terms, and conditions of the relationship and decide how to select, service, and attract middlemen.

With the substitution of performance for place, hospitality services

[7]See Valarie A. Zeithaml, A. Parasuraman and Leonard L. Berry, "Problems and Strategies in Services Marketing," *Journal of Marketing,* (Spring 1985), pp. 33-46.

[8]Zeithaml, *et. al,* p. 44.

[9]James H. Donnelly, Jr., "Marketing Intermediaries in Channels of Distribution for Services," *Journal of Marketing,* (January 1976), p. 57.

[10]This reverse distribution has been described in another context as occurring in "backward channels." See William G. Zigmund and William J. Stanton, "Recycling Solid Wastes: A Channels-of-Distribution Problem," *Journal of Marketing,* (July 1971), p. 34.

[11]George R. Suhr, "The Hotel Representative," *The Cornell H.R.A. Quarterly,* (February 1974), pp. 24-29; and "What Does A Hotel Representative Do?" *Innkeeping World,* (July/August 1981).

[12]William H. Kaven, "Channels of Distribution in the Hotel Industry," in *Marketing and the Service Sector,* John Rathmell, ed. (Cambridge, Mass.: Winthrop Publishers, 1974), pp. 115-121.

[13]Kaven, p. 117.

[14]Suhr, p. 27.

[15]Kotler, p. 461.

[16]Melinda Bush, "The Sales Interrelationship Between Hotels and Travel Agents," *The Cornell H.R.A. Quarterly,* (February 1978), p. 36.