

Case Briefing

Sales & Marketing - Marketing ROI



The Situation

The Dupont is Madison, Wisconsin's top rated boutique hotel. The owner, Martha Rodriguez, feels that revenues could be even higher with cost effective promotional campaigns. Advertising salespeople from many different companies are telling her that their ad opportunities are clearly the best.

Your Role

You were hired two weeks ago to be the Marketing Manager at The Dupont. Ms. Rodriguez, has made one bold request: "Here is your budget with revenue and expense goals for the upcoming month. Experiment with different advertising options. Based on the return on investment (ROI) results of each experiment, I will ask you to meet a monthly goal for revenue, while staying in budget." Note: Campaigns would normally be evaluated over 3 months or longer; time is compressed to one month in this Case Simulation for your learning convenience.

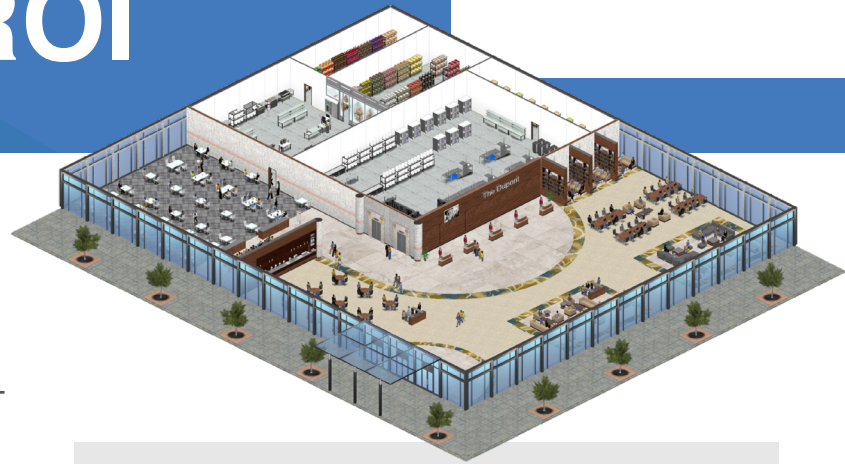
Learning Phase

Step-by-step instructions will guide you through several marketing experiments to determine return on investment for marketing campaigns. Your "practice hotel" is focused on business travelers. The marketing options you try will have positive and negative returns. They will also have larger and smaller impacts. Your end goal is to find those with positive returns and large impacts on room bookings

Challenge Phase

Your goal is to make your monthly rooms revenue target for June for the Dupont while staying within your marketing budget for the month. Running some quick ROI experiments during the last two weeks of May will guide you in deploying your budget for the month of June. The Dupont primarily caters to leisure travelers.

At the option of your Professor, you may be able to retry the Challenge Phase multiple times. Only your best grade will count.



Marketing in the Simulation

The simulator contains an accurate model of marketing options, costs, and the likelihood of different marketing media reaching different target guest populations. Aligning your marketing correctly with the largest guest segments near your hotel will produce the most impressions on the most guests for the least amount of money. Certain public relations marketing activities are also modeled to increase employee satisfaction when implemented correctly.

Discussion Questions

If you incur \$1000 for a marketing promotion, and the hotel increases room sales \$1000 as a result of the investment, has it been a good investment?

How viable do you think it is for hotels to run marketing experiments in the real world?

What techniques might help the get more accurate results?

Do you think digital marketing campaigns or traditional campaigns (such as magazine advertising) are easier to measure ROI on?

Name places where you routinely see hotel marketing campaigns?