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The role of Public Relations in the Marketing Mix
Case Study: The Athenaeum InterContinental Athens

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The role of Public Relations in the Marketing Mix

Case Study: The Athenaeum InterContinental Athens

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1.1 Executive Summary

The main objective of the present dissertation is to examine the importance of the Public Relations (PR) in the Marketing Mix through a case analysis of the PR office at the Athenaeum InterContinental Athens and its multifunctional operation within the hotel.

Initially, a quite detailed analysis of the PR advantages and disadvantages as well as its main objectives, methods, tools and tactics are presented.

The second chapter introduces us to the Case Study of the Athenaeum InterContinental Athens indicating an in-depth scanning on the internal & the external environment of the hotel. PEST and Porter’s models as well as the hotel’s SWOT analysis are also included to provide us with a better understanding of the aforementioned corporation.

The final chapter commences with the marketing mix of the Athenaeum InterContinental Athens, the operation of the Sales & Marketing Department, as well as the role of the PR office within the hotel. PR duties, objectives, strategies, tools, overall activities and methods of evaluation are thoroughly indicated alongside the Sales, Marketing & PR budget. Concluding, the emergence of an innovative approach into Integrated Marketing Communications and the essential presence of the PR within this model, are strongly recommended for immediate implementation by the Athenaeum InterContinental Athens.
1.2 Theoretical Background of the PR

1.2.1 Definition

Public Relations (PR) involves the cultivation of favourable relations for organizations and products with its key publics through the use of a variety of communication channels and tools.

The Public Relations Society of America (PRSA) has claimed over the past years: «Public Relations helps an organization and its publics adapt mutually to each other."¹ According to the aforementioned organization, the essential functions of Public Relations includes research, planning, communications dialogue and evaluation.²

Edward Louis Bernays, who is considered the founder of modern Public Relations along with Ivy Lee, in the early 90s defined Public Relations as a management function which tabulates public attitudes, defines the policies, procedures and interests of an organization followed by executing a program of action to earn public understanding and acceptance".³

Today, "Public Relations is a set of management, supervisory, and technical functions that foster an organization's ability to strategically listen to, appreciate and respond to those persons whose mutually beneficial relationships with the organization are necessary if it is to achieve its missions and values."⁴

Essentially it is a management function that focuses on a two-way communication, while, fostering mutually beneficial relationships between an organization and its publics including:

- Building awareness and a favourable image for a company or client within stories and articles found in relevant media outlets
- Closely monitoring numerous media channels for public comments about a company and its products
- Building goodwill among an organization’s target market through community, philanthropic and special programs and events
- Managing crisis situations that could potentially harm the image of a product/service

³, ⁴ Encyclopaedia of Public Relations by Robert L. Heath, 2005.
1.2.2 Advantages of the PR

Public Relations offers several advantages not found with other promotional options such as advertising or direct marketing activities. Primarily, it should be noted that PR is considered a highly credible form of promotion. One of its key points of power rests with helping to establish credibility for a product, company or person (e.g. CEO) in the minds of targeted customer groups by capitalizing on the influence of a third-party, the media. Audiences view many media outlets as independent-party sources that are unbiased in their coverage, meaning that the decision to include the name of the company and the views expressed about the company is not based on payment (i.e. advertisement) but on the media outlet’s judgment of what is important. For example, a positive story about a new product in the business section of a local newspaper may have greater impact on readers than a full-page advertisement for the product since readers perceive the news media as presenting an impartial perspective of the product.

In addition, a well-structured PR campaign can result to the target market being exposed to more detailed information than what is usually received via other forms of promotion. That is, media sources often provide more space and time for explanation of a product.

Apart from that, depending on the media outlet, a story mentioning a company may be picked up by a large number of additional media, thus, spreading a single story to many locations.

Finally, in many cases PR objectives can be achieved at very low cost when compared to other promotional efforts. This is not to suggest Public Relations is not costly, however, when compared to the direct cost of other promotions, in particular advertising, the return on promotional expense can be quite high.

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1.2.3 Disadvantages of the PR

While Public Relations holds many advantages for marketers, there are also concerns when using this promotional technique. Firstly, while PR uses many of the same channels as advertising, such as newspapers, magazines, radio, TV and Internet, it differs significantly from advertising since there is no direct control over whether a message is delivered and where it is placed for delivery. For instance, a marketer or a PR Manager may spend many hours talking with a magazine writer, who is preparing an industry story, only to find that their company is never mentioned in the article.

Secondly, while other promotional messages are carefully crafted and distributed as written through a pre-determined placement in a media vehicle, PR generally conveys information to a member of the news media (e.g., reporter) who then redrafts the information as part of a news story or feature. Thus, the final message may not be precisely what it had been planned.

Moreover, while a PR campaign has the potential to yield a high return on promotional expense it also has the potential to produce the opposite if the news media feels there is little value in running a story pitched (i.e. suggested via communication with the news outlet).

Finally, with PR there is always a chance that a well devised news event or release will get “bumped” from planned media coverage because of a more critical breaking news story, such as wars, severe weather or serious crime.

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1.2.4 Objectives of the PR

Like other aspects of marketing promotion, PR is used to address several broad objectives including:

✓ Building Product Awareness

When introducing a new product or relaunching an existing one, PR could be used to generate consumer attention and awareness through media placements and special events.

✓ Creating Interest

Whether a PR placement is a short product article or included with other products in “round up” articles, stories in the media can help entice a targeted audience to try the product. For example, around the holiday season, a special holiday food may be promoted with PR through promotional releases sent to the food media or through special events that sample the product.

✓ Providing Information

PR can be used to provide customers with more in depth information about products and services. Through articles, collateral materials, newsletters and websites, PR delivers information to customers that can help them gain understanding of the product.

✓ Stimulating Demand

A positive article in a newspaper, on TV news shows or mentioned on the Internet, often results in a discernable increase in product sales.

✓ Reinforcing the Brand

In many corporations the PR function is also involved with brand reinforcement by maintaining positive relationships with key audiences, and thereby aiding in building a strong image.

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1.2.5 PR Methods, Tools & Tactics

Skilled PR professionals use a variety of methods, tools and tactics to achieve their goals, while, being highly distinguished for their ability to understand and unearth good stories about a company or its products and their knowledge of the media market. However, prior choosing amongst the various PR tools, targeted audiences should be identified and key messages established according to the image of each corporation and its products.

1.2.5.1 Media Relations

Historically the core of Public Relations includes all efforts to publicize products, companies or even members of the companies to members of the press - TV and Radio, newspapers, magazines, newsletters and Internet. In garnering media coverage, PR professionals work with the media to place stories about products, companies and companies’ spokespeople. This is achieved by developing interesting and relevant story angles that are pitched to the media. It should be noted that media placements come with good stories and no payment is made to the media for placements.

Key tools used in media relations include:

✓ Press Kits

Featuring written information such as news releases, organization’s background, key spokesperson biographies and other supporting material to reporters.

✓ Audio or Video News Releases

These are pre-recorded features distributed to news media that may be included within media programming. For instance, a local news report about amusement parks may include portions of a video news release from a national amusement park company.

✓ Matte Releases

Some media, especially small local newspapers, may accept articles written by companies often as filler material when their publication lacks sufficient content. PR professionals submit matte releases through syndicated services or directly to targeted media.

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Website Press Rooms

While hard copies of materials are used and preferred by some media, marketers or PR professionals are well served by online press rooms that cater to media needs and provide company contact information.

1.2.5.2 Media Tours

Some new products can be successfully publicized when launched with a media tour. On a media tour a company spokesperson travels to key cities to introduce a new product by being booked on TV and radio talk shows and conducting interviews with print and Internet reporters or influencers (e.g. bloggers). The spokesperson can be a company employee or someone hired by the company, perhaps a celebrity or “expert” who has credibility with the target audience. One common use of the media tour is the book tour, where an author travels the country to promote a newly released book. A media tour may include other kinds of personal appearances in conjunction with special events, such as public appearances, speaking engagements or autograph signing opportunities.

1.2.5.3 Newsletters

Marketers or PR professionals who have captured names and addresses of customers and potential customers can use a newsletter for regular contact with their targeted audience. Newsletters can be directed at trade customers, final consumers or business buyers and can be distributed either by regular mail or electronic means (i.e. e-newsletters delivered via email). Marketers using newsletters strive to provide content of interest to customers as well as information on products and promotions. Effective newsletters are sought out by and well received by interested audiences.

1.2.5.4 Special Events

These run the gamut from receptions to elegant dinners and stunts. Special events can be designed to reach a specific narrow target audience, such as individuals interested in college savings plans to major events like a strawberry festival designed to promote tourism and regional agriculture. Stunts, such as building the world’s largest ice cream sundae during National Ice Cream month captures the attention of an audience in the immediate area, but also attracts the attention of mass media such as TV news and major newspapers, which
provide broad reach. As with all PR programs, special event planners must work hard to ensure the program planned conveys the correct message and image to the target audience.

1.2.5.5 Speaking Engagements

Speaking before industry conventions, trade association meetings and other groups provides an opportunity for company experts to demonstrate their expertise to potential clients/customers. Generally these opportunities are not explicitly for company or product promotion; rather they are a chance to talk on a topic of interest to potential customers and serve to highlight the speaker’s expertise in a field. Often the only mention of the company or its products is in the speaker biography. Nevertheless, the right speaking engagement puts the company in front of a good target audience and offers networking opportunities for generating customer leads.

1.2.5.6 Sponsorships

Companies and brands use sponsorships to help build goodwill and brand recognition by associating with an event or group. Marketers or PR professionals usually examine sponsorship opportunities to find those that reach target groups, fit within a specified budget and provide sponsorship benefits that suit their objectives. There are numerous local, regional, national and international sponsorship opportunities ranging from a local art centre or theatre to the Olympics. Most organizations seeking company sponsors provide information on the variety of sponsorship levels which include data on event audience, exposure opportunities, which can include signage, T-shirts, public announcements, receptions and numerous other opportunities.

1.2.5.7 Employee Communications

For many companies communicating regularly with employees, it is quite important to keep the personnel informed of corporate programs, sales incentives, personnel issues, as well as keeping them updated on new products and programs. Companies use a variety of means to communicate with employees, including Intranet, E-mail, online and printed newsletters. In large firms an in-house PR department often works in conjunction with the Human Resources Department to develop employee communications.
1.2.5.8 Community Relations and Philanthropy

For many companies fostering good relations with key audiences includes building strong relationships with their regional community. Companies implement programs supportive of the community ranging from supporting local organizations and institutions (e.g. arts organizations, community activities, parks) to conducting educational workshops (e.g. for teachers, parents) to donating product for community events and charitable fundraisers. The goal is generally to develop a positive relationship with members of the community (i.e. be known as a good neighbour). Effective community relations can help a company weather bad publicity or a crisis situation that can unexpectedly arise.

1.2.6 Additional PR Activities

In addition to assisting with the successful realization of the marketing objectives, PR professionals may undertake additional activities aimed at maintaining a positive image for an organization. These activities usually include:

1.2.6.1 Market Monitoring

Monitoring public comments about a company and its products is becoming increasingly important especially with the explosion of information channels on the Internet, while it usually includes watching what is reported in traditional print and broadcast media and also keeping an eye on discussions occurring through various Internet outlets such as forums, chatrooms, blogs and other public messaging areas.

1.2.6.2 Crisis Management

Marketers or PR professionals should be prepared to respond quickly to negative information about the company. When a problem with a product arises or even substantiated by rumours, the image of the corporation can be in serious jeopardy. Today, with the prevalence of the Internet and wireless communications, negative information can spread rapidly. Through monitoring, marketers can track the issues and respond in a timely fashion. To manage response effectively, many companies have crisis management plans in place that outline steps to take should an event occur.

2.1 Internal Scanning

2.1.1 Athenaeum Intercontinental Athens

The Athenaeum InterContinental Athens opened its doors to the public in 1982. It is owned by Athinaion Tourist Enterprises and managed till December 2015 by the InterContinental Hotels Group. The hotel has been awarded Greece’s Leading Business Hotel for 2007 & 2009 by the World Travel Awards held in London, having already been awarded for 2005 & 2006 Greece’s Leading Hotel.

✓ Location

The hotel is ideally positioned close to the business and financial district, while, also a short distance from the city centre and its many historic monuments including the Acropolis. Metro and tram stations are within walking distance.

✓ Guest Accommodation

The hotel features 483 luxurious guest rooms, the most spacious in Athens and 60 suites. Available on request are non smoking rooms and rooms designed for the disabled. All rooms are fully equipped with WiFi high speed wireless Internet connection, direct dial telephones, voice mail message system, connection points for Internet and fax modems, television system with pay movies and video on demand and hair dryer.

In 2008, the hotel initiated a multi million renovation program due for completion in 2010. The 1st stage of the programme, which is already completed, entails major fundamental improvements to the functionality and design of the 181 guestrooms on the 2nd, 6th & 7th floors. The renovated Deluxe Rooms & Suites, showcasing the highest standards of quality and aesthetics, provide a variety of exclusive conveniences appreciated by the modern day traveller.

Club InterContinental on the hotel’s 8th and 9th floors, with 61 rooms and 18 suites, provides benefits from upgraded facilities and exclusive complimentary services including a private registration area, use of Club lounge with stunning views over Athens and the Acropolis, complimentary buffet breakfast, full open bar and evening canapés, use of private meeting rooms, daily local and international newspapers or magazines upon request, complimentary Internet use, access to the Club InterContinental’s collection of books, CDs and DVDs.
✓ Conference and Banqueting Facilities

The meeting facilities of the hotel, with a total floor space of 3,500 square meters and flexibility of use, guarantee the success of all types of events. The Athenaeum Ballroom, the biggest conference space in Athens, accommodates comfortably up to 2,500 delegates. With the recent addition of the hotel managed Ethniki Asfalistiki Conference Center, with a total capacity of 1,700 square meters, the current options for the local and global conference market are significantly enhanced.

✓ Restaurants and Bars

The Athenaeum InterContinental Athens features the following outlets:

2. Cafezoe (Lobby level): Contemporary all day dining restaurant featuring Modern Greek and International cuisine, offering both buffet as well as à la carte selections. Award winning interior design by highly acclaimed designer Tony Chi.
3. Playzoe (Lobby level): Poolside snack bar, open during summer months, featuring exotic cocktails, ice creams, light snacks and evening dinners.
4. Café Vienna Tea Lounge (Lobby level): Fashionable indoor café featuring a delicious variety of teas, coffees, sandwiches, crepes, cakes and exotic ice creams.
5. Tobar (Lobby level): A retro-deluxe bar, designed by distinguished French designer Pierre Yves Rochon, combining modern edginess with glamour and cosiness.

✓ Guest Facilities

The Athenaeum InterContinental Athens provides:

1. Fast & Friendly Internet Access by Mikenopa enabling access to network resources from all guestrooms, public areas, restaurants and conference venues.
2. Business Centre with state of the art technology and Shopping Arcade.
3. I-SPA by Algotherm, fully equipped fitness centre & outdoor swimming pool providing an authentic retreat in the heart of the city.
2.1.2 InterContinental Hotels Group

IHG is an international hotel company whose goal is to create Great Hotels Guests Love. The corporation features more guestrooms than any other hotel company in the world – that's rooms in more than 4,150 hotels across nearly 100 countries. Its guests make over 160 million stays every year. IHG’s portfolio includes seven renowned hotel brands – InterContinental, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites and Candlewood Suites.

✓ Goal

Business growth by making the corporation’s brands the first choice for guests.

✓ Target

In 2005, IHG was committed to increase the number of rooms by 50,000 to 60,000 on a net and organic basis. The top end of this target was exceeded in June 2008 – 6 months ahead of schedule. By mid 2009, 82,000 net rooms had been included in IHG’s portfolio. This was achieved through organic growth; new rooms under existing brands, not through acquisitions.

✓ Strategy

IHG strategy is to build the hotel industry’s strongest operating system (franchisee, managed and on an owned and leased basis hotels) focused on the biggest markets and segments where scale really counts.

✓ Operating System

IHG’s operating system includes advertising and marketing campaigns, 12 global call centres, 13 local language websites, an 8,000-strong sales force, Priority Club Rewards – the world’s largest hotel loyalty scheme featuring more than 42 million members – and all the advantages that IHG’s global hotel distribution and scale brings to brand awareness.

✓ Business Model

IHG operates hotels in three different ways – as a franchisor, a manager and on an owned and leased basis. The corporation’s business model focuses on managing and franchising hotels, whilst external business partners own the bricks and mortar (over 3,500 hotels operated under franchise agreements, 585 managed & 16 owned hotels worldwide).
2.1.3 InterContinental Hotels Group International Marketing Strategy

Maintaining an international Marketing Strategy, managing an already powerful brand, aiming for stronger brand awareness, having universal business principles and standards, managing important marketing tools in a dynamic universal environment and adjusting them in the local market. These are some unique characteristics in a really demanding International Marketing Strategy for the brand.

✓ Brand Power

The brand “Intercontinental” is globally a well recognised dynamic Hotel Brand, targeting in different consumers and countries but also indicating core values and standards. IHG’s success owes much to creative brand positioning in markets worldwide.¹

IHG features highly recognized branded hotels and this is a competitive advantage that can work on three directions. First, branded hotels are not obscure. Brand-backed marketing efforts, familiar logos, and the widespread nature of branded hotels keeps them at the forefront of patrons’ minds. Secondly, branded hotels excel at consistency.

Lastly, branded hotels establish a certain level of quality across properties. Potential customers are often more at ease choosing a hotel that flies under a flag they know, even if they’ve never stayed at that particular hotel before.

InterContinental Hotels Group (IHG) is one of the leading hotel companies in the world, particularly with respect to branded hotels. IHG’s seven brands span over 600,000 hotel rooms among more than 4,100 properties worldwide. The broad range of brands includes high-value family-oriented hotels, extended-stay hotels, exclusive resort properties and luxury hotels in destination cities around the globe.

¹ HVS Organization, Mr. Michael Brophy, www.hvs.com/Offices/Atlanta.
The diversity of IHG’s brands enables the hotel group to orient a specific product type toward the demands of a given market, which illustrates the effectiveness of their brand power.

Below is a brief summary and current statistics on each of IHG’s seven brands that enables the success of a universal marketing strategy:

1. **InterContinental Hotels & Resorts**: IHG’s most prestigious brand offers the highest level of service and facilities to business and leisure travellers in over 60 countries. InterContinental offers approximately 53,630 rooms across 157 hotels, with 69 hotels in the pipeline worldwide.

2. **Crowne Plaza**: A full-service hotel brand with properties in over 40 countries. Crowne Plaza offers premium, upscale accommodations targeting more selective, less price-conscious business and leisure travellers. Crowne Plaza offers approximately 90,775 rooms across 331 hotels worldwide, with 131 hotels in the pipeline.

3. **Hotel Indigo**: Known as the industry’s first “branded boutique” hotel, affordably combining the consistencies of brand standards with the unique design and the distinguished service of a boutique hotel. Also known for their pet-friendly approach, Hotel Indigo properties are located in urban, mid-town and suburban areas, close to businesses, restaurants, and entertainment venues throughout America. Hotel Indigo offers approximately 2,445 rooms across 19 hotels, with 56 hotels in the pipeline.

4. **Holiday Inn**: A brand that has been a mainstay of the industry for more than 50 years. IHG has been remodelling old properties and building new ones at a very aggressive pace over the past few years. The group recently announced plans to shift the brand from the midscale to the upscale competitive set in an effort to recreate what consumers consider—and are willing to pay for—a typical Holiday Inn. Holiday Inn offers approximately 250,207 rooms across 1,352 hotels, with 379 hotels in the pipeline.

5. **Holiday Inn Express**: A limited-service hotel concept and one of the fastest growing hotel brands in its segment. Holiday Inn Express offers approximately 169,227 rooms across 1,889 hotels, with 728 hotels in the pipeline.

6. **Staybridge Suites**: Featuring a variety of guestroom-suite configurations and amenities catered to the extended-stay market. Suites include a fully equipped kitchen and living area, along with business amenities such as a workstation, Internet access, and two-line phones. A business center, a 24-hour convenience store, a workout facility, and a complimentary breakfast buffet and evening reception round out the offering. Staybridge Suites offers approximately 15,656 rooms across 142 hotels, with 178 hotels in the pipeline.
7. **Candlewood Suites**: Extended-stay concept, but one targeting the mid-market business and leisure segment. Candlewood Suites offers approximately 120,024 rooms across 196 hotels, with 230 hotels in the pipeline.

The design and marketing for each brand targets a specific demographic of hotel patrons, which allows IHG to promote its various brands successfully even within the same cities and markets. For example, IHG’s two luxury brands, the InterContinental and Crowne Plaza, do not directly compete with each other for the same segments of demand. While both are located in major cities and urban markets, Crowne Plaza hotels can also be found in smaller markets, and many are positioned to capture airport demand. Holiday Inn and Holiday Inn Express hotels are most commonly situated along major highways and interstates, as well as airport locations, making the brand highly visible to commercial and leisure travellers. The Staybridge Suites and Candlewood Suites brands are located near commercial business parks, colleges, and universities. The upscale Staybridge Suites brand caters to the shorter-term extended-stay guest and offers such amenities as a pool and a fitness room. Candlewood Suites offer fewer amenities and are geared toward longer-term, price-conscious extended-stay guests, with a feel more akin to an apartment than a hotel room.

✓ **Global Strategy**

A brand’s reputation carries a lot of weight with potential owners, developers, and franchisees in the process of deciding what type of hotel to buy or build. As IHG demonstrated in calendar year 2008, brand power can help to rapidly propagate a new crop of hotels. IHG’s overall RevPAR growth in 2008, which is significant when one takes the struggling economy into consideration, also owes much to the strength of the hotel group’s brand power.

✓ **High Repute**

Vigilance in maintaining brand standards and innovative marketing campaigns to promote the brands have helped bring IHG hotels very high marks for customer satisfaction. According to a recent customer satisfaction survey complied by the Market Matrix Corporation, IHG’s Staybridge Suites brand came out on top in the upscale segment with an impressive 89% customer satisfaction ranking. In recent years, several hotels operate under different brands in a given market, which gives the parent company a larger footprint in the market and provide a consolidated marketing program that helps save money through economies of scale. IHG’s success is a testament to the profit potential of brand power, even as this potential is being sorely tested in the current economic downturn.
2.1.4 Organizational Structure

After a brief description of the Athenaeum InterContinental’s overall product and IHG core features, we shall proceed with the hotel’s functional organizational structure:

Diagram 2.1.4-1: Athenaeum IC Athens Organization Chart
2.1.5 Corporate Profile

The Athenaeum InterContinental Athens always adhering to the IHG brand standards & core features has formulated its the following corporate profile:

✓ Mission

For people who want to be in the know, Athenaeum InterContinental Athens is committed to delivering authentic and enriching experiences that make their world feel bigger.

✓ Key Objectives

1. Improve the performance of the hotel by establishing it as the first choice for guests and delivering consistent customer experiences.

2. Generate excellent returns for all stakeholders by improving the overall efficiency and operating processes.

3. Make the most of the hotel’s strong brand name.

4. Strengthen the organisation by investing in the personnel and building strong partnerships.

✓ Corporate Strategy

Due to the economic turmoil, the hotel’s corporate stability strategy is the Pause/Proceed with Caution one. This temporary strategy will be used until the environment becomes more hospitable.

✓ Business Strategy

The Athenaeum InterContinental Athens committed to providing authentic experiences that guests love, has established its competitive strategy of Differentiation in terms of premium services & enhanced product provided (the hotel undertakes partial renovation programs every 2-3 years).
✓ Key Functional Strategies

The hotel’s key functional strategies are dictated by its competitive strategy of differentiation:

1. Key Marketing Strategies: Market Development (capturing a larger share of an existing market for current products through market saturation and market penetration), Pull Strategy in terms of promotion & advertising (consumer advertising instead of promotional allowances), Penetration Pricing to gain market share & Dynamic pricing via Internet channels.
2. Key HR Strategy: Emphasis on hiring & training of a highly skilled workforce.

✓ Target customers

Affluent people who live successful lives and who own many of the material things they have wanted. However, so do many of their friends and colleagues, so they yearn for something that will make them feel different, something that will give them an edge, something to which they can aspire. They want to be seen as more ‘rounded’ people who have lived a little, who are better husbands, parents, friends, colleagues. People who know things others don’t and who like to share that knowledge. Travel provides them with a unique opportunity to embrace new and authentic experiences and gain local knowledge which their friends and family may not have. For these people, knowledge is a form of social currency and the experiences they pick up on their travels gives them both the simple pleasure of sharing stories and the status and respect they seek to differentiate them from the crowd. In short, they want to be ‘in the know’.

✓ Core Values

To communicate its corporate culture, the Athenaeum InterContinental Athens has integrated the following distinctive characteristics:

1. Knowledge: The hotel values knowledge for its own sake and is committed to share it with its guests.
2. Authenticity: The hotel provides experiences to its guests that are authentic, genuine and sincere.
3. Individuality: The hotel treats and respects its guests as individuals.
4. Generosity of spirit: The hotel goes the extra mile, be warm and welcoming.
5. Community: The hotel values its place in the local and the international community.

2.1.6 Key Figures

Due to the economic turmoil, the hotel projects a decrease in Occupancy by 3.19% (-4.447 nights), a slight increase of the Average Daily Rate by 1.32% (+€1.91) & a consequent decrease in Revenues by 2.17% (-€404,000). The Revenue per Available Room decrease is estimated at 1.9% (€91.88).

<table>
<thead>
<tr>
<th></th>
<th>2008 (YTD Jan)</th>
<th>Actual</th>
<th>2009 (YTD Jan)</th>
<th>% variance over 2008</th>
<th>Budget</th>
<th>% variance over 2009</th>
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<td><strong>Average Room Rate</strong></td>
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<td><strong>Total F&amp;B</strong></td>
<td>2,256</td>
<td>12,888</td>
<td>12,275</td>
<td>-1%</td>
<td>14,309</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Gross Revenue '000</strong></td>
<td>2,905</td>
<td>32,958</td>
<td>30,012</td>
<td>-6%</td>
<td>29,502</td>
<td>19%</td>
</tr>
<tr>
<td><strong>SpendPAR (excl. Banquet Rev)</strong></td>
<td>130.96</td>
<td>113.65</td>
<td>121.14</td>
<td>-6%</td>
<td>131.43</td>
<td>20%</td>
</tr>
<tr>
<td><strong>SpendPOR (excl. Banquet Rev)</strong></td>
<td>150.69</td>
<td>184.52</td>
<td>170.63</td>
<td>2%</td>
<td>214.11</td>
<td>12%</td>
</tr>
<tr>
<td><strong>GOP</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>GOP %</strong></td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0%</td>
<td>2.3%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>NDR</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>5.48</td>
<td>0%</td>
</tr>
<tr>
<td><strong>CIF</strong></td>
<td>984</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RGI</strong></td>
<td>1.15</td>
<td>1.60</td>
<td>1.80</td>
<td>0%</td>
<td>1.82</td>
<td>2%</td>
</tr>
<tr>
<td><strong>MPI</strong></td>
<td>1.13</td>
<td>1.81</td>
<td>1.60</td>
<td>-1%</td>
<td>1.82</td>
<td>2%</td>
</tr>
<tr>
<td><strong>ARI</strong></td>
<td>1.61</td>
<td>0.69</td>
<td>1.60</td>
<td>0%</td>
<td>1.60</td>
<td>0%</td>
</tr>
<tr>
<td><strong>System Contribution</strong></td>
<td>8.5%</td>
<td>14.1%</td>
<td>9.9%</td>
<td>-14%</td>
<td>10.2%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Priority Club Rewards Contribution</strong></td>
<td>13.4%</td>
<td>10.3%</td>
<td>9.5%</td>
<td>-17%</td>
<td>15.5%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Priority Club Rewards Q. Enrolments</strong></td>
<td>152</td>
<td>6,060</td>
<td>210</td>
<td>-97%</td>
<td>5,400</td>
<td>2471%</td>
</tr>
</tbody>
</table>

| **Market (includes own hotel)** | | | | | | |
| **RevPAR** | 55.94 | 93.20 | 40.14 | 95.21 | 90.14 | 0% |
| **Occupancy %** | 52.5% | 64.9% | 40.9% | 93.1% | 61.7% | 0% |
| **Average Room Rate** | 125.85 | 145.60 | 117.74 | 144.69 | 140.88 | 1% |
2.2 Analysis of Societal Environment

2.2.1 Economic Factors

Growth weakened in 2008 under the weight of the global economic crisis; activity has already contracted in 2009 on the back of the weakening exports and is expected to recover only slowly in 2010 as the external environment improves. Unemployment is set to reach double digits by 2010 and inflation will be low persistently above the euro area average.

Public finances are set to worsen further this year despite the consolidation efforts by the government as the recession hits activity. The high public debt and continuous fiscal slippages limit the room for discretionary fiscal stimulus. A strong commitment to enhance fiscal viability is imperative to restore market confidence and bring sovereign interest rate spreads to their pre-crisis levels. Sustained consolidation hinges upon strict control of spending, broadening of tax bases and curbing tax evasion.

A budget deficit of 6.5% of GDP in 2009 and 6.8% in 2010 is estimated before falling to a still high 4.9% of GDP by 2013. Greece's high deficit and public debt will adversely affect international confidence in the Greek economy.

The need for a tighter fiscal policy and for households and businesses to rein in borrowing will cause GDP growth to slow from an average of 3.9% in 2004-08 to 0.5% in 2009-13. Household debt has risen rapidly from under 10% of GDP in 2003 to 48% of GDP in 2009. Banks in Greece maintain that they are well capitalised. However, several Greek banks are exposed to the deteriorating economies of the Balkans. All Greek banks will participate in the government's €28bn loan guarantee and capital injection scheme.

<table>
<thead>
<tr>
<th>Key indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>2.9</td>
<td>-3.0</td>
<td>-0.9</td>
<td>1.5</td>
<td>2.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Consumer price inflation (av, %)</td>
<td>4.2</td>
<td>0.4</td>
<td>1.5</td>
<td>1.6</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Government balance (% of GDP)</td>
<td>-5.0</td>
<td>-6.5</td>
<td>-6.8</td>
<td>-6.0</td>
<td>-5.5</td>
<td>-4.9</td>
</tr>
<tr>
<td>Current-account balance (% of GDP)</td>
<td>-14.4</td>
<td>-8.8</td>
<td>-8.0</td>
<td>-7.5</td>
<td>-7.1</td>
<td>-7.0</td>
</tr>
<tr>
<td>Commercial banks' prime rate (av; %)</td>
<td>7.4</td>
<td>7.1</td>
<td>6.9</td>
<td>5.9</td>
<td>5.5</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Table 2.2.1-1: Key Financial Figures

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2.2.2 Sociocultural Factors

Athens, the capital and largest city of Greece, with a population over 5 million people, is rapidly transforming into a leading business centre of the EU. A bustling and cosmopolitan metropolis, Athens is central to economic, financial, industrial, political and cultural life in Greece. In 2008, Athens was ranked the world's 32nd-richest city in a UBS study. However, due to the economic turmoil, Athens' growth appears to have suffered great losses so far.

Corporations in the local market have restricted their budget expenses adopting cost saving policies, while, on the other hand, individuals tend to be more cautious on the decisions they make. Since their disposable income has been severely reduced, they seem to have limited any unnecessary expenditure. Consumers & corporations look constantly for products or services with better value for money requesting for the best possible deal, while, also asking for the basic to be done well; thus they turn to established brands that they know & whom they trust to deliver. Eco-friendly thinking remains on the foreground; however, costs saving concerns seem to be the main priority for the time being.

2.2.3 Technological Factors

Technological advances and the emergence of new web interactive tools have a great impact on the Greek society. The constant growth of the on-line community, the spread of social media and the radical transfiguration of Internet’s role into an absolute necessity seem to have resulted to fundamental changes on the consumer’s everyday life.

2.2.4 Political-Legal Factors

Beset by allegations of corruption and struggling to tackle the impact on Greece of the global recession, the government of the New Democracy party (ND) turned out to be quite fragile. On October 4th of the current year, the public elections, which were actually held before the end of the parliamentary term (2011), indicated the victory of PASOK socialist party with almost ten percent (10%) head against the ND. Forming an independent government with majority in Greek parliament, PASOK is now called to face successfully a quite high budget deficit, rising unemployment and deep unhappiness with the education system, social security and immigration.

Strict policy rules and regulations that are not entirely supportive withhold the country’s further development especially in the sector of Tourism. Stringent rules governing FDI and foreign ownership restrictions as well as a long time and high cost involved in starting a new company are the main reasons why no major development or construction projects are due to be finalized during 2009.

2.3 Analysis of Task Environment
2.3.1 Tourism Sector in Greece

According to the Travel & Tourism Competitiveness Report issued by World Economic Forum, Greece is ranked 18th in Europe and 24th overall, with a stable performance compared with last year. The country benefits from rich cultural resources (ranked 23rd), excellent health and hygiene (ranked 19th overall) and top-notch tourism infrastructure (5th). Greece is ranked a very high 3rd in terms of the country’s overall prioritization of Travel & Tourism. Further, there is a strong national affinity for tourism compared with many other European countries, including a generally open and positive attitude toward tourists (16th). The country’s overall ranking is held back, however, by its policy rules and regulations that are not entirely supportive of the sector’s development (ranked 57th), with stringent rules governing foreign direct investment (FDI), and with foreign ownership restrictions as well as significant time and cost involved in starting a new company. Another area of weakness is the country’s ground transport infrastructure, which is less efficient than in many other European countries (the quality of railroads and ports being of particular concern).

Tourism is one of Greece's biggest earners, along with shipping; making up about 18% of the country's gross domestic product. It should be noted that in 2007, the sector brought 11 billion Euros and 17 million visitors into the country, making Greece the 12th most popular international destination in the world, according to the World Tourism Organisation.

Due to the economic turmoil, however, the tourism sector has suffered great losses so far. The Institute for Tourist Research and Forecasts (ITEP) released its latest findings indicating that tourism for Greece is down 7.2 percent in the first quarter of 2009, largely as a result of the world financial crisis. ITEP also noted that Greece was affected more in tourism foreign exchange receipts, which were down 18.2 percent.

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According to the Association of Greek Tourism Enterprises (SETE), Greek airports, excluding Athens, saw a 3 percent drop in arrivals for Q1, while the Athens International Airport had a whopping 9.8 percent drop in arrivals. Combined, the country saw a decline of 7.0 percent for airport arrivals in the first three months of 2009 (3.9 million arrivals). One reason for the large drop in Athens is that convention and business tourism sector for Athens and Thessaloniki has seen a significant drop this year, a direct result of the global turmoil. SETE has indicated that 3.9 million arrivals drop is expected to result to a 2.3 billion decrease in direct income, while, taking into consideration secondary outlays, the total loss of income is expected to be at least 5 billion and 10,000 fewer jobs.

Other destinations, which are more oriented towards holiday travelers and traditional tourism, didn't have the same drop (i.e. the Dodecanese Islands were an indicator of this, as they saw an 18.5 percent increase in tourism arrivals for the first four months of the year. Rhodes was up 26.4 percent, with Hania in Crete up by 23 percent. Some of the smaller islands, however, saw large decreases in visits).

In addition, the long drawn-out process of privatising Olympic Airlines has finally been settled. In March 2009, the state approved the sale of Olympic Airlines’ ground handling unit to Greece’s Marfin Investment Group (MIG), shortly after it had agreed the sale of the carrier’s flying and maintenance operations to the firm. The total cost for the carrier is EUR107.2mn. On the other hand, the Aegean Airlines recently released its 2008 financial results presenting revenues were up a healthy 27% y-o-y to EUR611.7mn, resulting from a significant rise in international passenger traffic and high load factors sustained on both the domestic and international networks. The airline, however, recorded a net profit of EUR29.5mn, down 18% on the previous year. The fall in profitability was mainly due to a 54% annual rise in fuel costs that reached EUR148mn.

Despite discounts and special offers by hoteliers and positive initiatives taken by the Ministry of Tourism to promote Greece as a holiday destination, officials suggest it would be a major success if the season ends with a drop of just 10 per cent in arrivals. The government has set aside 75 million euros to promote Greek as a tourist destination - nearly 50 per cent more than what it committed to last year.

Consequently, the Greek tourist market is set to show further marked falls of 20% year-on-year in occupancy rates judging from Q1 2009. In addition, considering the political unrest,
which manifested itself in street violence across the country at the end of last year, this is likely to have had further damaging consequences for the tourism industry. The Greek hospitality sector is experiencing a major downturn. Following sharp falls in occupancy rates in Athens and the greater Athens area at the end of 2008, the most recent data for Q1 show further marked falls of 20% y-o-y in occupancy rates, with just 49% of rooms in three- to five-star hotels occupied over the period.

A slight recovery in foreign arrivals is expected next year, as the economic downturn in the most important markets bottoms out, however, the significant recovery in arrivals is only likely to take place from 2011.

### 2.3.2 Porter’s Analysis

Prior to proceeding with a detailed description of Porter’s analysis, it is crucial to establish that the following module will focus on the subsector of 5* hotels currently operating in Athens.

**Diagram 2.3.2-1: Porter’s Analysis on the Hotel Sector of Athens**
Threat of new entrants – Medium to High

1. Low level of product differentiation.
2. Relatively high capital requirements.
3. High switching costs.
4. Easy access to Distribution Channels.

Rivalry among existing firms – High

1. Extensive number of small competitors & few large firms dominating the market.
2. Decrease in the rate of industry growth due to the global financial crisis.
3. Relatively high amounts of fixed costs.
4. Medium height of exit barriers.
5. Medium diversity of rivals.

Threat of substitute products – Low to medium

1. Limited number of substitutes (i.e. apartments instead of hotel’s rooms in terms of accommodation or conference facilities in terms of hotel’s function rooms).

Bargaining power of buyers – High

1. Poor level of differentiation; alternative suppliers are plentiful.
2. Changing supplies costs little.
3. The purchased product and services represents a high percentage of a buyer’s cost, thus providing an incentive to shop around for lower prices.
4. Buyers earn low profits and are, thus, quite sensitive to costs and service differences.

Bargaining power of suppliers – Medium

In the subsector, which we are currently examining, suppliers are considered all the companies that assist in the formulation of the hotel’s products and services (i.e. F&B suppliers).

1. The supplier industry is highly fragmented.
2. The hotel industry buys relatively small portions of the supplier group’s goods and is, thus, unimportant to the supplier.
✓ Relative power of other stakeholders – Medium

1. High power of trade associations and working unions.
2. Increasing governmental power over the course of the sector.
3. High influence of local community & groups of special interests (i.e. environmental friendly groups).

Consequently, the attractiveness of the subsector including all 5* hotels in Athens is Medium. The aforementioned sector has entered the maturity phase, being considered mostly as a consolidated industry – mainly dominated by a few large firms, each of which struggles to differentiate its products from those of the competition. As buyers become more sophisticated over time, purchasing decisions are based on better information. Price becomes a dominant concern, given a minimum level of quality and features, while profit margins decline.

2.3.3 Competition Overview

✓ Athens Hilton

1. This 5* hotel features 508 rooms with an elegant, sophisticated design. The Hilton Athens recently added 16 new junior suites to its property - 80sqm each - by reducing the number of its standard rooms from 527 to 508. With the new “juniors”, the Hilton Athens has now 34 suites in total. The hotel's strong brand name appeals greatly to the local market.
2. Centrally located; the nearest hotel to the Northern suburbs where the majority of international and big local companies are also located. The hotel is also close to Athens Concert Hall and the US Embassy having easy & quick access from both places.
3. The 22 venues of the hotel cover 6,000 square meters of function space, offering natural daylight and versatile space for all types of events. The hotel's largest meeting room can accommodate up to 1200 delegates. Hilton is the Athenaeum InterContinental’s strongest competitor for MICE & Banquet Non Residential Business.
4. Outlets: Aethrion Lounge for sushi, Byzantine for Mediterranean cuisine, Milos for fresh fish (operated by an external company), Galaxy Roof with outstanding views of the city and Oasis Pool Bar & Grill. The hotel’s spa showcases a heated indoor pool, sauna, relaxation room and massage stations alongside a fully equipped fitness centre.
5. Aggressive pricing strategy mainly due to the hotel's favourable location and its strong brand name are amongst the hotel’s competitive advantages.
✓ Ledra Marriott

1. With 314 rooms, the hotel’s last major renovation was completed in March 2004. Strong brand name especially for foreign travellers (US & Continental Europe); well established in the local market too due to outside catering & flexible pricing strategy.
2. The hotel is located near the city centre (within walking distance from the Athenaeum InterContinental Athens); no metro station in its proximity.
3. Limited conference space (8 meeting rooms) accommodating up to 650 participants is the hotel’s distinctive weakness mainly in the Corporate Meetings segment.
4. Outlets: Kona Kai offering Polynesian food is well known in the local market; Zephyros Restaurant offering Mediterranean Cuisine, Panorama Roof Top Pool Bar featuring snacks, drinks and a nice view overlooking the city. Limited fitness facilities & outdoor pool on the roof top. All outlets have not been under any renovation for the last 5 years, thus, looking rather tired.
5. Aggressive strategy in all segments mainly driven from powerful Yield philosophy & strong support from Global Offices (almost 60% of Grps comes from GSO’s).

✓ Divani Caravel

1. The hotel undertook a soft refurbishment of its 471 rooms, its main restaurant & the Lobby area in 2008. The overall hotel product is quite inconsistent & outdated. Member of local brand name Divanis (strong in the local market), while, also member of “The Leading Hotels of the World”.
2. The hotel is in close proximity to the city & business centre; while, also surrounded by three hospitals facilitating due to its location, the organization of Medical Congresses.
3. Divani Caravel offers 4,000 square meters of meeting space accommodating from 10 to 2000 persons (almost equal in size with the Athenaeum InterContinental Athens); day lighted banquet space, but, assorted in terms of aesthetics and space functionality.
4. The hotel has recently launched its rooftop spa which is very limited. It also features a quite extensive fitness centre with stunning mountain views.
5. The owner has established strong liaisons in the local market, thus, the hotel appears to be very strong in the organization of local conferences & corporate functions.
Metropolitan Hotel

1. The hotel showcases 374 rooms that were partially renovated in 2003. Soft refurbishment of the Lobby area took place in 2005. The overall hotel product is rather "tired". Privately owned property, part of the Chandris chain hotels.
2. The hotel is far from the city centre and away from any metro station; however, it is the nearest one from the competitive set of the Athenaeum InterContinental to the coastline surrounded by a quite attractive neighbourhood including a unique building in Athens, the "Evgenidion Megaron".
3. Average meeting space (9 meeting rooms - maximum capacity up to 500 pax); roof top area used for private functions (180-190 delegates).
4. The hotel does not feature Executive Lounge nor spa facilities.
5. Small network of contacts in the international market; strong liaisons in the local market (great relationship of the owner with shipping companies).

Divani Apollon Palace

1. The Divani Apollon Palace & Spa boasts 286 luxurious rooms (from 30 to 93 square meters) including 83 executive rooms, 6 suites and 1 Presidential suite. All rooms feature furnished balconies that offer a panoramic view of the sea. There is an ongoing process of soft refurbishment in the rooms & the corridors. The overall hotel product is contemporary (minor inconsistencies on the public areas) and superior when compared to its sister hotel, Divani Caravel. Member of local brand name Divanis & member of "The Leading Hotels of the World".
2. The hotel is located on the coastline, far away from the city centre. Due to its ideal location, nearby the seaside, it gains a quite important market share of the local market (transients & meetings) from April - October with quite high Average Daily Rate.
3. The hotel offers more than 2,500 square meters of flexible meeting space, most with natural day light, while, its convention centre "Aristotelis Divanis" can accommodate up to 1,200 persons.
4. Privatised beach, multi award winning spa, with 22 treatment rooms & extensive health club offering yoga, aerobic & Pilates programs (the Health Club operates also with memberships).
5. The hotel is preferred by MICE business during the summer period May till October, while, during winter period it offers very competitive rates, even lower than its sister Hotel Divani Caravel.
Starwood/Astir Palace

Astir Palace complex is not part of the Athenaeum InterContinental competitive set; however, this hotel complex could potentially result to one of the hotel’s strongest rivals.

1. Astir complex consists of three different properties with a total of 450 rooms: Westin Hotel has 162 rooms, Arion Hotel has 123 rooms and 58 bungalows and "W", the third hotel of the complex, is planned to open in year 2010. The overall hotel product is fresh & modern apart from minor inconsistencies in Westin Hotel. The hotel's strong brand name appeals both to the local & the international market.

2. Thanks to its unique setting on a private peninsula in the heart of the Athens Riviera, the Astir Palace Beach Resort offers a cosmopolitan city life just a short drive away from Athens.

3. Limited day lighted banquet space offering sea view (9 meeting rooms & 1 ballroom of 300 square meters).

4. The hotel features quite popular outlets, including the recently launched well known Matsuhisa Nobu restaurant, brand new spa & private beach area.

5. Due to the established rate variance within the resort complex, Astir appeals successfully to 3 different levels of budget (high, medium & low).

Athens Plaza

Athens Plaza is not part of the Athenaeum InterContinental competitive set; however, it is still considered a worthy competitor.

1. 182 rooms, including 23 suites. Ever since the opening of the hotel (1998), only one renovation of the main lobby has occurred (2004), which is why the overall hotel product is considered old-fashioned & tired. A gradual renovation of the rooms is due to start in 2010.

2. Ideal location; on Syntagma Square in the middle of the city centre, next to the Metro station. Its location near the King George & the GB hotels is a significant factor that results to great occupancies throughout the year & strong Average Daily Rate during high season.

3. Barely existent meeting space that is used only for small weddings or functions. No parking space.

4. Popular within the local market restaurants with small capacities.

5. The hotel is not a member of Grecotel chain (strong local brand name) since 2009. Currently, Athens Plaza is trying to become a member of the Preferred Hotel Group.
2.3.4 Market Share Figures

Athenaeum IC Athens is positioned as no 3 in the Athenian Market with the following RGI (Revenue Generation Index) performance for the last three years:
2008 - RGI 1.00, 2009 Actual - RGI 0.97, 2010 Budget - RGI 0.97

With new meeting rooms, fully refurbished guestrooms & new spa facilities; the hotel maintains its identity as the biggest conference hotel in the city, the only one featuring 350 authentic works of art in all public areas & guestrooms, accommodating large MICE business up to 3,500 participants. It is, thus, the hotel’s objective to maintain the third position in ranking after Hilton and Marriott. For 2010 the hotel is expected to maintain RGI performance 0.97. This will be achieved from ARI (Average Rate Index) increase, which consequently could lead to a further increase of MPI (Market Penetration Index) in certain months from Corporate Meetings segments.

Table 2.3.4-1: Market Share Analysis, (Deloitte 2009)
2.4 Situational Analysis (SWOT)

✓ Strengths

1. The hotel is the largest in the city featuring 543 guestrooms, out of which 422 Superior rooms, the most spacious in Athens.
2. The hotel is easily accessible, close to two metro & tram stations, while, it is also close to many historical landmarks; thus, offering from its premises exquisite views of the Acropolis and Athens by night.
3. The hotel has recently launched its renovated Deluxe room product & the new I-SPA by Algotherm; it is, thus, in front of the competitive set in terms of aesthetics and quality.
4. The Athenaeum InterContinental Athens showcases one of the most luxurious Club products in the city with 80 rooms and the most exclusive Club Lunge in the city offering a private registration area, breathtaking views of the Acropolis, American buffet breakfast, full open bar, evening canapés, complimentary meeting rooms and Internet connection in dedicated room.
5. The hotel is a leader in the field of conference organizing with more than 20 years of experience; it is, thus, a strong brand name both in the local and the international market.
6. The Athenaeum InterContinental Athens showcases the most extensive & flexible conference facilities in Athens (inc. the largest column free ballroom), while, it has also acquired the management of the newest meeting facility in town, the Ethniki Asfalistiki Conference Centre. It should be noted that all meeting venues (up to 3,500 square meters) are fully equipped with the latest audiovisual equipment and wireless high speed Internet access.
7. Highly experienced personnel, including a dedicated Conference Team, is an added benefit.
8. The hotel provides guests with WiFi high speed Internet connection in all public areas & guestrooms, while, it has recently installed high-tech in room entertainment system.
9. The hotel operates 3 outlets (including 2 awarding restaurants) which are quite popular in the local market.
10. The Athenaeum InterContinental Athens is the only business hotel in Greece featuring more than 350 authentic works of Modern Greek Art.
Weaknesses

1. The hotel is neither centrally located nor in the north of the city, where Athens’ business centre has moved. In addition to this, its surrounding neighborhood is quite unattractive & highly disregarded from local customers.
2. Although, the newly managed Ethniki Conference Center is located adjacent to the hotel, its surrounded area is quite rundown, thus, diminishing the prestige of the venue.
3. The hotel’s only bar, TOBAR, features rather limited seating capacity to accommodate local clients and groups as well.

Opportunities

1. The maximization of Athens’ exposure in the international market has increased the tourist demand, mainly in the MICE and the Leisure segments.
2. The hotel’s potential co-operation with Marriott & Metropolitan hotels (cluster), when it comes to terms of large group requests, outbids the capacity of Hilton & Caravel cluster.
3. Over the last years, there is an increasing demand in the local market for the organization of business breaks (i.e. business, lunches or brunches).
4. The new “Hotelling” trend (preference of certain targeted audience on hotels’ outlets instead of local bars & restaurants) is gaining solid ground in the local market.

Threats

1. The emergence of the global financial crisis has influenced radically all the sectors of the Greek economy and in particular the tourism one.
2. The spread of swine flu is expected to lead to a further decrease in tourist arrivals.
3. The unstable political environment in Greece is expected to further trouble the tourism sector.
4. Swift of demand in the seaside resort hotels mostly in the MICE segments has been noted over the past few years.
5. Individuals have less disposable income; as a result the hotel’s outlets & additional facilities such as the I-SPA could show a potential decrease in terms of revenue.
6. The emergence of newly introduced outlets on the Athenian gourmet scene (i.e. Nobu at the Astir Palace) could potentially decrease the local demand of the hotel’s outlets.
7. Due to the new anti-smoking legislation a significant decrease of the outlets’ revenue is expected within 2010.
3.1 Sales & Marketing at the Athenaeum InterContinental Athens

3.1.1 Sales & Marketing Department

The Sales & Marketing Department of the Athenaeum InterContinental Athens follows a “market orientation” strategy comprising of three main components: a customer orientation, through which the corporation strives to understand its target customers; a competitor orientation, through which a corporation strives to understand what its competitors are doing; and inter-functional coordination, the organizational culture that orients employees in all departments of a business unit toward understanding the firm's market in terms of both customers and competitors.

Having as granted the aforementioned core orientation, the Sales and Marketing section addresses sales tactics, pricing, advertising, public relations, design of promotional programs, supporting media, market research and an overall marketing plan based on the vision and the goals of the corporation. Amongst its top priorities is to ensure that the perceptions and feelings formed concerning the hotel, its services, and its performance are consistent to its mission and corporate culture, whilst, also ensuring that meaningful messages and images fostering brand awareness are delivered consistently, by every member of the organization.

3.1.2 Key Target Segments

Hotels typically segment their market (customer base) into a set of categories based on the price each category is willing to pay. Typical categories include the business traveller and the vacation customer. Due to the fact that demand patterns for each of these categories may vary significantly, hotels find it difficult to satisfy all of the demand simultaneously. A good example is the comparison between the time-conscious business executive and the price-sensitive vacation customer. The former is willing to pay a higher price in exchange for flexibility of being able to book a room at the last minute, while, the latter is willing to give up some flexibility for the sake of a more inexpensive room.

As a city hotel featuring the most extensive and flexible conference facilities in Athens, the Athenaeum InterContinental’s major market segment is predominantly MICE (Meeting, Incentives, Conferences & Events) travellers with a high proportion of international guests coming mostly from the US & the UK. Business guests are usually upper scale individuals who have needs and wants somewhat of a combination of a leisure and a conference traveller,
with additional needs attributable to carrying on their daily business whilst out of the office, often in another state or country.

More specifically, the Meeting & Events segment reflects approximately a percentage of 40% in the total revenue of the Athenaeum InterContinental Athens, while, the Corporate segment (individual customers from key local corporations) is the second most important target group showcasing a percentage of 33% in the total revenue of the hotel.

Chart 3.1.2-1: Athenaeum IC Athens Target Market

### 3.1.3 Key Sales & Marketing Objectives

The hotel’s Sales & Marketing objectives are coherent to the hotel’s overall business strategy & financial objectives:

1. Continue to communicate hotel’s mission and strategic objectives to key audiences successfully.

2. Increase hotel’s share in the MICE, Corporate and Leisure market segments, while, retain existing share of all other segments.

3. Accomplish growth targets within the given time & budget.

4. Seek market geographical expansion & identify potential niche markets.
3.1.4 Key Sales & Marketing Strategies

1. Participation in most of the international exhibitions to reinforce awareness of the hotel and pitch potential clients focusing in the Conference and Incentive market segment.

2. Retain coverage of key international markets with Sales Trips and Roadshows in Europe and the US.

3. Reinforce awareness of the hotel in key markets through hotel’s exposure in trade publications.

4. Formulate competitive pricing strategy to key accounts and communicate it in advance so as to create demand for gaps and need periods (focus shall be given on MICE segment).

5. Liaise with local agents involved in India, Russia and China geographic market segments (niche markets).

6. Organize familiarization trips with IHG Global Sales Offices and Incentive Houses to key markets (UK, US) and niche markets as well (India, Russia and China) to foster awareness of the hotel’s new room product.

7. Develop robust tactics to communicate attractive offers to Leisure & FIT market segments so as to fill out gaps and need periods.

8. Continue collaboration with the most successful GDS (i.e. Travelclick).

3.2 Marketing Mix at the Athenaeum InterContinental Athens

3.2.1 Introduction

The Marketing Mix is the set of controllable, tactical marketing tools that work together to achieve company's objectives, they are: product, price, promotion and place.

✔ Product: A tangible object or an intangible service that is mass produced or manufactured on a large scale with a specific volume of units. Intangible products are often service based like the tourism industry & the hotel industry. Typical examples of a mass produced tangible object are the motor car and the disposable razor.
**Price:** The price is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product.

**Place:** Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

**Promotion:** Promotion represents all of the communications used in the marketplace. Promotion has four distinct elements - advertising, public relations, word of mouth and point of sale. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for, from and cinema commercials, radio and Internet adverts through print media and billboards. One of the most notable means of promotion today is the Promotional Product, as in useful items distributed to targeted audiences with no obligation attached. This category has grown each year for the past decade while most other forms have suffered. It is the only form of advertising that targets all five senses and has the recipient thanking the giver. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum.

Broadly defined, optimizing the marketing mix is the primary responsibility of marketing. By offering the product with the right combination of the four Ps, the Athenaeum InterContinental Athens will be able to improve its results and marketing effectiveness. Making small changes in the marketing mix is typically considered to be a tactical change. Making large changes in any of the four Ps can be considered strategic (i.e. a large change in the price would be considered a strategic change in the position of the product. However a change of $130 to $129.99 would be considered a tactical change, potentially related to a promotional offer).
3.2.2 **Product**

The hotel’s high quality facilities accompanied by exemplary personal service, differentiated from competition, alongside the overall brand strategy have proven to be a successful approach generating high levels of repeat business.

3.2.3 **Price**

The hotel’s pricing strategy has been consistent with the differentiation objective to provide added value for a reasonable rate as opposed to discounting and de-valuing the corporation’s products and services.

Room rates per room per night (net of tax and service) for individuals start from € 140.00
Room rates per room per night (net of tax & service) for groups start from € 150.00

3.2.4 **Place**

Hotel’s product & services are sold to the guest via personal selling, direct marketing, advertising and the Internet. Distribution channels include travel agents and international reservations systems.

3.2.5 **Promotion**

All promotional activities are currently handled by the Public Relations Department of the hotel in close guidance of the Director of Sales & Marketing.

Primary focus remains on mass communication via print ads in trade publications and on the Internet. Direct mail to existing and prospective clients will increase as a cost effective means of targeted campaigning.

Personal selling in the local market remains an important element of the mix in order to continue building long-term relationships within the local community while generating high levels of corporate activity. Public Relations activities will continue to play essential role in the marketing mix, reinforcing the hotel’s position in the local and international market.
3.3 Revenue Strategy

Generating revenues and achieving the sales targets that are set, is a difficult task, especially under the “threat” of the global crisis and the competitive environment as already described. The Athenaeum InterContinental Athens follows a clear revenue strategy that involves good planning and the interaction between different departments such as Sales, Public Relations and Marketing.

An effective revenue management strategy demands a well positioned strategy and clearly stated and communicated goals. Key strategic goals for Athenaeum InterContinental Athens Hotel are:

- Pricing rooms appropriately and affordably to keep the current client base.
- Attracting new clients now and keeping them for the long run.
- Ensuring that rooms are sold at a profit.
- Maintaining and eventually growing market share.

In a continuously changing environment the necessity for interaction and feedback between the different departments of the hotel such as F&B, Sales & Catering, is essential in order to set a complete revenue strategy. Athenaeum InterContinental Athens has based its revenue philosophy in well organised management strategy. Some key points for a successful revenue strategy that the hotel has adopted are the following:

- Knowing the cost-per-occupied room and establishing reasonable Rev Par goals

To establish accurate cost breakdowns for special packages that include food and beverage items is a prerequisite for setting reasonable revenue goal. Also it is important to have the flexibility to offer different rate plans and packages to generate more business.

Effective revenue management also means making the most of what you have (i.e. up-sell suite upgrades at check-in, improve food and beverage merchandising in your guest rooms, bar, restaurant and online, offering incentives to the staff when they up-sell particular items)

- Studying the revenue data available through the hotel reports and maximize the use of these all-important tools

**Sales Report:** How is the hotel trending on a 7- and 28-day basis? The comparison set is an indicator to find the reasons for outperforming on any of these days and take steps to
strengthen the position. Also the hotel’s arrival patterns (i.e. weak weekend arrivals are an indicator for the target to be set for increasing the revenues).

**Marketing Reports:** The attention on the individual channel production and how to increase production through PR practices, Marketing actions & media is very important in order to have a clear picture of the corporation’s course is well on track.

**Reservation Reports:** The study of the figures of the reservation reports provides a competitive advantage. For example if denials in a particular rate category are high, then changes are made in that category and activity is evaluated on a daily basis. The review of the average length of stays and the creation of sales tools such as minimum length of stay rates can help to capture additional transient room nights.

✓ Knowing what competitors are up to on a daily basis

Knowing the competition, the rates and the special offers made is without any doubt basic information that needs to be updated frequently through calling directly to the competitors’ reservations departments and asking about packages and special rates or visiting competitors’ websites on a daily basis so as to be aware of rate changes and special web-only offers. Moreover, occasionally there is the need to visit competitive set hotels to familiarize with the product and be sure to price the hotel’s rooms competitively.

Revenue management is a daily practice, and is not relegated to once a week meetings. Sales, Marketing, Revenue, Reservations and Front Office Managers are all key players in successful rate management and hotel profitability.

### 3.4 Public Relations & Communication at the Athenaeum InterContinental Athens

#### 3.4.1 PR Duties & Responsibilities

Public Relations plays a significant role in order to maintain the prestigious image of the Athenaeum InterContinental Athens. Having close guidance and interaction from the Director of Sales & Marketing and by following the international policies, procedures and principles established from IHG universally, PR has important and differentiated tasks. The focus is to plan, direct, control, coordinate and participate in public activities having as a goal to promote the brand awareness of Athenaeum InterContinental Athens and maintain high standard public relations and communications.
The strategic role of PR entails the following duties & responsibilities:

✓ The Public Relations is communicating, coordinating and cooperating with Corporate IHG Public Relations, Sales, Food & Beverage, Catering Sales, Front Office, Human Resources, Guest Relations and other departments as deemed appropriate.

✓ Supporting the Food & Beverage Manager in promoting all F&B outlets and events to include traditional festival events and all other promotions via e-mail blasts and promotional collateral with the end result of increasing sales (Coordinating with F &B).

✓ Establishing sales leads from the study of magazines, newspapers and from personal contacts (coordinating sales leads with Banqueting, F&B and Sales Departments).

✓ Accepting client and media complaints, requests and inquiries and coordinating handling in a timely manner with departments concerned (Coordinating with F & B, Sales, Marketing).

✓ Maintaining and growing quality mailing data base and contact file for use in promotional e-mail blasts (Coordinating with IT Department).

✓ Public relations have to prepare annual Public Relations goals and budgets; in cooperation with Director of Sales and Marketing (Coordinating with Finance).

✓ Developing a PR programme for the hotel based on its marketing goals and supported by a communications and media calendar. Liaising with Marketing in targeting specific markets and developing the PR strategies to reach these markets (media planning, special PR activities, launch events, etc).

✓ Developing media contacts, planning press conferences and other press activities (if needed). Acting as hotel’s liaison with media to promote good publicity and counteract bad publicity.

✓ Disseminate corporate press releases to appropriate local trade and consumer media.

✓ Establish a programme for sending to trade publications releases covering special events and promotions.
Prepare promotional press releases on VIP personalities among guests and employees of the hotel and on newsworthy events in the hotel.

Supervise and direct photographers commissioned to take pictures of shows, VIPs, etc.

Maintain library of clipping press and video files pertaining to the hotel based on daily perusal of the media and places on Share Point for others to view.

Perform related duties and special projects as assigned (sponsorships, auctions).

3.4.2 Key PR Objectives & Strategies

During the economic downturn, the PR office of the hotel will focus mainly on cost effective communication to strengthen brand awareness, maximize media coverage and gain consumer attention in an attempt to drive revenues up. The objectives & strategies which will be taken into consideration are the following ones:

- Increase awareness of the hotel's recently introduced product (fully refurbished guestrooms new day lighted meeting venues & state of the art spa facilities) via taking advantage of the hotel's strong media contacts in the local market (strategic alliance with Liberis publications) while, also, co-operating with contracted PR agencies in the international market to secure hotel's exposure in foreign media.
- Communicate hotel's corporate culture (art oriented) via sponsorships of major musical & fashion events so as to maximize media coverage & attract the interest of the local market (media included).
- Enhance hotel’s status & image via the elaboration of updated printed collateral & media rich electronic tools uploaded on the hotel’s websites and additional GDS such as Travelclick.
- Communicate hotel's updates and news via e-bulletins, participation in blogs & other types of interactive social media.
- Create awareness of the hotel's "green strategies" via participating in eco friendly events & proceed with the elaboration of relevant e-campaigns that will be distributed on a regular basis.
- Reinforce awareness of the hotel's extensive meeting facilities & award winning cuisine. Emphasis will be given on the Conference Centre of Ethniki Asfalistiki, which the hotel
currently manages, the relatively new day lighted meeting venues and the hotel's multi awarded executive Chef.

✓ Effectively reposition Tobar outlet in the local market & boost media coverage of the multi award winning rooftop Premiere restaurant.
✓ Maximize exposure of hotel’s unique competitive advantage; its 350 authentic works of art adorning the interior space of the hotel & the recent acquisition of the Cabana Brothers masterpiece. Secure exposure of the aforementioned work of Art in the local & international market to strengthen hotel's status.

3.4.3 PR Activities

3.4.3.1 Above & Below the line Activities

As already implied in previous sections of this dissertation, the PR office of the Athenaeum InterContinental Athens is highly involved in all the Above & Below the line activities of the hotel.

Above the line (ATL) activities include advertising techniques using mass media to promote brands. Major ATL techniques feature TV and radio advertising, print advertising and internet banner ads making use of current traditional media: television, newspapers, magazines, radio, outdoor, and internet. This type of communication is conventional in nature and is considered impersonal to customers.

On the other hand, Below the line activities (BTL) typically focus on direct means of communication, most commonly direct mail and e-mail, often using highly targeted lists of names to maximize response rates. BTL techniques ensure recall of the brand while at the same time highlighting the features of the product.

3.4.3.2 Media Planning & Buying

Coordinating all major Above the line activities, the PR office of the Athenaeum InterContinental Athens is responsible for the elaboration of a yearly media plan targeting the local market and its successful implementation throughout the year.

At this point & prior proceeding to a thorough examination of the hotel’s media plan, the major parameters of the media planning & buying process should be carefully reviewed¹:

✓ Set media objectives in accordance with the marketing objectives

Media objectives consist of two key components: target audience and communication goals. The target audience is defined in terms of demographics, psychographics and consumption behavior trends (Product usage including both brand usage - brand loyal, primary user & brand switcher - and category usage - heavy users, medium users, light users and non-users). Once the target audience is defined, communication goals should be set indicating to what degree the target audience must be exposed to (and interact with) brand messages in order to achieve marketing objectives.

For the successful establishment of the communication goals the following interrelated concepts are most commonly used:

1. Reach: Expressed as a percentage, reach is the number of individuals to be exposed to the advertised product/service through specific media over a given period of time.

2. Frequency: Indicating how many times, on average, the individuals in the target audience shall be exposed to the advertising message through the use of specific media (i.e. it takes an average of three or more exposures to an advertising message before consumers take action).

3. Cost per thousand: How much it will cost to reach a thousand of prospective customers (a method used in comparing print media).

4. Cost per point: How much it will cost to buy one rating point for the target audience (a method used in comparing broadcast media).

5. Impact: Implying whether the medium in question offer full opportunities for appealing to the appropriate senses, such as sight and hearing, in its graphic design and production quality.

6. Selectivity: Examining to what degree the message can be restricted to those people who are known to be the most logical prospects.

✓ Develop a media strategy for implementing media objectives

At this stage three crucial decisions need to be made in the face of budget constraints: where to advertise (geography), when to advertise (timing) and what media categories to use (media mix).
The media mix should be crafted by considering a budget-conscious intersection between the media objectives and the properties of the various potential media vehicles. When making media mix decisions, the whole spectrum of media, including both the traditional media vehicles such as TV, radio, and print and the non-traditional brand contact vehicles such as online advertising, sweepstakes, sponsorships, product placements, direct mail, mobile phones, blogs, and podcasts should be taken into consideration.

Primarily, a media mix decision in reference to a media concentration approach or a media dispersion approach should be taken into account. The media concentration approach uses fewer media categories and greater spending per category. Thus, there is higher frequency and repetition within one media category. This approach should be selected when the brand’s ads could share space with competing brands, leading to confusion among consumers and failure of the media objectives. On the other hand, the media dispersion approach includes use of multiple media categories, such as a combination of television, radio, newspapers and the Internet, while, it is usually selected when no single media outlet is estimated to reach a sufficient percentage of the target audience.

Once the media mix strategy has been defined, the different media vehicles should be carefully selected based on the media objectives. Different media categories suit different media objectives. Most media options can be classified into three broad categories: mass media, direct response media, and point-of-purchase media. If the media objective is to create broad awareness or to remind the largest possible number of consumers about a brand, then mass media vehicles such as television, radio, newspaper and magazines should be selected. If the media objective is to build a relationship with a customer or encourage an immediate sales response, then direct response media such as direct mail, the Internet and mobile phone are ideal choices. Finally, if the media objective is to convert shoppers into buyers, then the point-of-purchase media such as sampling, coupons and price-off promotions is strongly suggested. In short, each of these three categories of media serve a different role in moving the customer from brand awareness to brand interest to purchase intent to actual purchase and then to re-purchase.

In addition to allocating advertising by media category, advertising by geography should be carefully allocated. In general, a company that sells nationally can take one of three approaches to geographic spending allocation: a national approach (advertise in all markets), a spot approach (advertise only in selected markets), or a combined national plus spot approach (advertise in all markets with additional spending in selected markets).
For successful geographic allocation decisions two different models of sales geographic concentration should be taken into account: The first model is called the Brand Development Index (BDI) of a geographic region measuring the concentration of sales of a company's brand in that region, while, the second one is called the Category Development Index (CDI) measuring the concentration of sales of the product category (across all brands) in that region.

Having decided how to advertise (the media mix) and where to advertise (allocation across geography), when to advertise is considered crucial. Three major methods of scheduling should be taken into consideration:

1. Continuity scheduling spreads media spending evenly across months. This method ensures steady brand exposure over each purchase cycle for individual consumers. It also takes advantage of volume discounts in media buying. However, because continuity scheduling usually requires a large budget, it may not be practical for small corporations.

2. Flight scheduling approach alternates advertising across months, with heavy advertising in certain months and no advertising at all in other months.

3. Pulse scheduling combines the first two scheduling methods, so that the brand maintains a low level of advertising across all months but spends more in selected months. The pulse scheduling method takes advantage of both the continuity and flight scheduling methods and mitigates their weaknesses. However, this does not mean it is good for all products and services. Which method is the most appropriate depends heavily on three factors: sales seasonality, consumers' product purchase cycle, and consumers' interval between decision-making and consumption.

✓ Designing media tactics for realizing media strategy

Establishing media objectives and developing media strategies are the primary tasks in the media planning process. The next stage involves the media buying process which is actually the selection of media vehicles to implement the established media strategies. Among the major factors that affect media vehicle selection are reach and frequency considerations.

1. Reach Considerations: High levels of reach will require a different set of media vehicles than low levels of reach. That is, high levels of reach can be better served with a mix that includes multiple media vehicles with different audiences so that cross-media duplication of audience is minimal. For example, if there are three magazines that each reach a portion of the
target audience but there are few readers who read more than one magazine, advertising in these three magazines would reach the widest target audience possible because of the low overlap of the readers of these magazines.

2. Frequency Considerations: In contrast to high levels of reach, high levels of frequency can be effectively achieved through advertising in a smaller number of media vehicles to elevate audience duplications within these media vehicles. A commercial that runs three times during a 30-minute television program will result in higher message repetition than the same commercial that runs once in three different programs.

With reach and frequency considerations in mind, media vehicles should be contrasted in terms of both quantitative and qualitative characteristics. Quantitative characteristics are those that can be measured and estimated numerically, such as vehicle ratings, audience duplication with other vehicles, geographic coverage, and costs (i.e. vehicles with high ratings and less cross-vehicle audience duplication are more likely to be chosen when high levels of reach are needed). In contrast to these quantitative characteristics, qualitative characteristics of media vehicles are those that are primarily judgmental, such as vehicle reputation, editorial environment, reproduction quality, and added values (i.e. media vehicles vary in reputation; newspapers such as The New York Times and The Wall Street Journal generally enjoy high reputation).

✓ Proposing procedures for evaluating the effectiveness of the media plan.

Accountability is increasingly important in media planning, as more advertisers expect to see returns on their investments in advertising. Because media spending usually accounts for 80 percent or more of the budget for typical advertising campaigns, the effectiveness of media plans is of particular importance. Although sales results are the ultimate measure of the effectiveness of an advertising campaign, the sales result is affected by many factors, such as price, distribution and competition, which are often out of the scope of the advertising campaign. It is important, therefore, to identify what measures are most relevant to the effectiveness of media planning and buying.

Because of the hierarchical nature of the media effects, the effectiveness of media planning should be measured with multiple indicators. The first measure is the actual execution of scheduled media placements. Did the ads appear in the media vehicles in agreed upon terms? Marketers look at "tear-sheets", copies of the ads as they have appeared in print media for verification purposes. For electronic media, Marketers examine the ratings of the programs in
which commercials were inserted to make sure the programs delivered the promised ratings. If the actual program ratings are significantly lower than what the advertiser paid for, the media usually "make good" for the difference in ratings by running additional commercials without charge.

The most direct measure of the effectiveness of media planning is the media vehicle exposure. Marketing executives ask: How many of the target audience were exposed to the media vehicles and to ads in those vehicles during a given period of time? This question is related to the communication goals in the media objectives. If the measured level of exposure is near to or exceeds the planned reach and frequency, then the media plan is considered to be effective.

Several additional measures can be made of the target audience, such as:

1. Brand awareness: How many of the target audience are aware of the advertised brand?  
2. Comprehension: Does the target audience understand the advertised brand? Is there any miscomprehension?  
3. Conviction: Is the target audience convinced by ads? How do they like the advertised brands?  
4. Action: How many of the target audience have purchased the advertised brand as a result of the media campaign?  

The measured results of brand awareness, comprehension, conviction and action are often a function of both advertising creative and media planning. Even effective media planning may not generate anticipated cognitive and affective responses if the ads are poorly created and not appealing to the target audience. On the other hand, ineffective media planning may be disguised when the ads are highly creative and brilliant. Thus, these measures should be carefully reviewed so as to proceed with accurate assessments of the effectiveness of the media plan.

The measurement of the effectiveness of a media plan can be conducted by the advertising agency or by independent research services, using methods such as surveys, feedback, tracking, and observation. Each method has its strengths and weaknesses. For example, surveys can be conducted among a sampling of the target audience in the different periods of a media campaign, such as in the beginning, the middle and the end of the campaign. Surveys can ask questions about the target audience's media behavior, advertising recall, brand attitudes and actual purchase. Besides surveys, feedback can be collected to measure the media and ad exposure of the target audience. Feedback devices such as reply cards, toll-free
numbers, coupons and Web addresses can be provided in ads so that tallies of the responses or redemptions can be made to estimate the impact of advertising media. Advertisers often use a different code in direct response ads to identify different media vehicles. In short, by reviewing the different codes recorded, media buyers can assess the response rate of each media vehicle. In overall, surveys help evaluate the effectiveness of an ad in relation to other ads, whereas feedback devices help evaluate the effectiveness of one media vehicle over another.

Tracking is a measurement method that is used to track the effectiveness of online ads. When a user visits a website or clicks on a banner ad, web servers automatically log that action in real time. The logs of these visits and actions are very useful, because they lead to the estimation of the actual interaction of audience members with the interactive media. Finally, in the physical world, observation can be used to collect audience reaction information at the points of purchase or during marketing events. For example, researchers can be stationed in grocery stores to observe how consumers react to in-store advertising or how they select an advertised brand in comparison of other brands. The advantage of observation is that it provides rich, detailed data on how consumers behave in real situations in response to the marketing communication. The downside is that direct observation is more costly to conduct and tabulate.

For the successful formulation of the hotel’s media plan, the following key factors are taken into consideration:

- **Media objectives**
  1. Increase revenue in all F&B outlets & in particular the award winning Premiere restaurant by maximizing exposure of the aforementioned venues through the use of print advertising in key publications on a weekly basis.
  2. Maximize exposure of the hotel’s newly acquired Ethniki Asfalistiki Conference Center to drive sales up through the use of print advertising in trade publications twice per year (MICE segment).
  3. Foster awareness of the hotel’s extensive banquet facilities to increase revenue of the Catering Department through the use of print advertising in trade publications three times per year (wedding segment).
  4. Readjust hotel’s current advertising creative as per the updated IHG brand standards according to the aforementioned objectives.
✓ Media strategy

1. Media Concentration Approach (using only print media and greater spending per category)
2. Spot approach (advertising in targeted markets)
3. Pulse scheduling model (the hotel maintains a low level of advertising across all months but spends more in selected months)

### MEDIA PLAN IN THE LOCAL MARKET

<table>
<thead>
<tr>
<th>Name of Publication</th>
<th>Type of Publication</th>
<th>Target audience</th>
<th>Comments on the Publication</th>
<th>Type of Ad</th>
<th>Publication Date</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athinorama</td>
<td>Life Style / Gourmet Weekly Magazine (consumer publication)</td>
<td>Individuals of age 18 - 70, medium class, educated</td>
<td>City guide of maximum readability &amp; circulation, largest penetration index</td>
<td>40 Half Page Ads</td>
<td>January-December</td>
<td>€37,440</td>
</tr>
<tr>
<td>Ef Zin</td>
<td>Life Style Monthly Magazine (consumer publication)</td>
<td>Balanced audience of both sexes (60% men, 40% women), primary target audience: individuals of age 30 - 50, upper class, well educated</td>
<td>Premium publication of high readability, high circulation &amp; targeted distribution</td>
<td>8 Full Page Ads</td>
<td>January-December</td>
<td>€18,900</td>
</tr>
<tr>
<td>Just Conference</td>
<td>Meetings &amp; Incentive Magazine (trade publication)</td>
<td>Primary target audience: Meeting planners &amp; Event organizers in the local market</td>
<td>Premium publication of highest readability, highest circulation &amp; targeted distribution (AIA)</td>
<td>2 Full Page Ads</td>
<td>September &amp; February</td>
<td>€1,200</td>
</tr>
<tr>
<td>Sinedrio</td>
<td>Meetings &amp; Incentive Magazine (trade publication)</td>
<td>Primary target audience: Meeting planners &amp; Event organizers in the local market</td>
<td>High readability, high circulation &amp; quite beneficial distribution (insert in high readability newspaper)</td>
<td>2 Full Page Ads</td>
<td>September &amp; February</td>
<td>€1,200</td>
</tr>
<tr>
<td>Gamos</td>
<td>Wedding Magazine (trade publication)</td>
<td>Women of age 20 – 40, upper medium class, well educated</td>
<td>Highest circulation, largest penetration index</td>
<td>2 Full Page Ads</td>
<td>June &amp; September</td>
<td>€2,600</td>
</tr>
<tr>
<td>Mariages</td>
<td>Wedding Magazine (trade publication)</td>
<td>Women of age 18 – 34, upper medium class, well educated</td>
<td>Highest readability premium publication</td>
<td>2 Full Page Ads</td>
<td>February &amp; June</td>
<td>€2,400</td>
</tr>
</tbody>
</table>

Table 3.4.3.2-1: Athenaeum IC Athens Media Plan in the Local Market

#### 3.4.3.3 Below the line Activities

Apart from handling all Above the line activities, the PR office of the Athenaeum InterContinental Athens is also responsible for Below the line activities. A short summary of those activities is presented below:
Corporate Segment (Business & Meetings)

Action Plan: Increase media coverage of hotel’s Deluxe rooms in the local market.

Short term objective: Communicate hotel’s new facilities to key journalists by providing them the opportunity to relish the Athenaeum InterContinental experience. For the successful realization of this action plan the following tasks should be implemented:

- Arrange up to 2 social events per month in the new Deluxe Suites targeting key press (F&B inspired by the pieces of art featured in the Deluxe floors).
- Organize at least 3 shootings per month to secure additional exposure in local print and broadcast media.
- Make use of tryvertising trend by inviting 20 key journalists to an overnight stay in the Deluxe floors & urge them to write about their experience.

Action Plan: Sponsor Liberis Tennis Tournament - Form strategic alliance with the strongest local media brand.

Short term objective: Increase awareness of hotel’s corporate culture to strengthen the position of the brand in the local market. Sponsorship is handled in terms of discount rates; in return, hotel’s gains exposure as hospitality sponsor of the events & free of charge advertising in lifestyle magazines and radio stations of high rating. For the successful realization of such action plan the following tasks should be implemented:

- Sponsor Vogue Tennis Tournament in September – Obtain 10 full page ads in Vogue, Status, 2Board and Life & Style magazines (secure hotel’s exposure on a monthly basis), 100 free of charge promotional radio spots in En Lefko & Best radio stations & additional benefits as exclusive Hospitality sponsor of the event.
- Sponsor Status Tennis Tournament in March – Obtain 5 full page ads in Vogue, Status, 2board & Life & Style magazine (secure hotel’s exposure on a monthly basis), 100 free of charge promotional radio spots in En Lefko & Best radio stations & additional benefits as exclusive Hospitality sponsor of the event.
Action Plan: Co-ordinate shooting of the hotel’s facilities to update hotel’s current photo library.

Short term objective: Enhance the current profile of the hotel as per brand standards & communicate it externally (i.e. new ad campaigns, revision of printed promotional material). For the successful realization of such action plan the following task should be implemented:

- Arrange shooting of hotel’s Deluxe floors, hotel’s main bar (Tobar), Premiere restaurant & new function rooms (production of 50 different shots).

Action Plan: Update hotel’s current creative & overall printed collateral.

Short term objective: Maintain a coherent, indicative pattern of all printed material (use of new photos as well) & proceed with further revisions or updates as per IHG brand standards in order to enhance the hotel’s profile. For the successful realization of this action plan the following task should be implemented:

- Elaboration of new creative for hotel’s advertisements & printed collateral (i.e. posters, brochures).

5. Action Plan: Reformulate & launch enhanced loyalty program for key corporate clients of the hotel.

Short term objective: Strengthen liaisons within the local market by providing attractive incentives to local corporations (key & prospect accounts). For the successful realization of this action plan the following tasks should be implemented:

- After conducting a thorough research on the hotel’s current database to examine the profile of the target group, build a new loyalty program providing a wide selection of benefits to hotel’s clients.
- Prepare relevant brochure & additional printed material to send it via mail (targeted).
- Organize highly prestigious social events to launch the program in the local market.
6. Action Plan: Communicate hotel’s news, updates & corporate culture (focus shall be given on hotel’s green thinking attempts).

Short term objective: Increase awareness of hotel’s active engagement within the local community & eco friendly actions. For the successful realization of such action plan the following tasks should be implemented:

- Distribute monthly e-bulletins to targeted audience communicating news, tactical offers or relevant promotions.
- Participate in blogs and web interactive tools to enhance hotel’s interaction within the social media community.
- Focus on sponsoring local highly distinguished philanthropic or green thinking events.

Action Plan: Strengthen hotel’s on-line presence targeting key markets.

Short term objective: Maximize hotel’s exposure in key markets to drive revenue up. For the successful realization of this action plan the following tasks should be implemented:

- Formulate updated creative for hotel’s on-line presence.
- Yearly participation in Starcite & Cevent web extranets (targeting the UK & US market).
- Enhance hotel’s website with new photos, interactive tools & high tech electronic sales tools (e-brochure, virtual tours, animated image tours, floor plans, e-proposal).

8. Action Plan: Make use of branded business gifts to establish hotel’s brand name in the local and the international market.

Short term objective: Enhance hotel’s liaisons with top producing accounts & strengthen hotel’s brand name in key markets. For the successful realization of this action plan the following task should be implemented:

- Purchase state of the art, highly innovative gifts to be distributed either per occasion (i.e. Christmas, Easter season) or on a regular basis by the Sales Department (exhibitions, motivation shows, sales trips/calls).
✓ Non Residential Segment (Catering & Banquet)

Action Plan: Introduce special meeting package in the local market featuring hotel’s newly introduced venues that can host successfully small functions up to 20 delegates.

Short term objective: Increase revenue of the Catering Department by attracting the interest of small capacity groups in the local market. For the successful realization of such action plan the following tasks should be implemented:

- Elaborate promotional brochure & relevant printed material featuring hotel’s new meeting rooms with limited capacity and exclusivity of use.
- Arrange targeted & personalized distribution of the brochure in the local market via mail.
- Distribute tactical offer via e-mail to hotel’s key & prospect accounts.
- Organize launch event to introduce the new package in the local market.

Action Plan: Sponsor highly prestigious and well established fashion & musical events

Short term objective: Increase awareness of hotel’s corporate culture and social responsibility policies (supporting Culture & the Arts). For the successful realization of such action plan the following tasks should be implemented:

- Acquire sponsorship of Athens Exclusive Designers Week fashions show twice a year.
- Sponsor maximum 2 concerts per semester organized by Mad or MTV Greece TV channels.

The aforementioned Hospitality Sponsorships entail benefits of wide exposure in print & broadcast media of high rating.

✓ Local Customers Segment (F&B outlets)

Action plan: Strengthen relations with key gourmet editors within the local market.

Short term objective: Lobbying wit key media to maximize exposure of hotel’s outlets. For the successful realization of this action plan the following tasks should be implemented:

- Send personalized invitations to key press to lunch or dine at the hotel’s award winning outlets.
- Organize social VIP events with local celebrities and invite the press as well.
Action plan: Communicate F&B news, updates, recognitions in the local market

Short term objective: Maximize exposure of hotel’s outlets to drive revenue up. For the successful realization of this action plan the following tasks should be implemented:

- Prepare enhanced artwork and fully updated press kit of each outlet for inclusion in all relevant promotional activities.
- Distribute monthly e-newsletters to targeted audience with attractive offers.
- Participate in Credit Card programs to communicate specific promotional activities.
- Organize themed promotional activities in each outlet to attract the interest of local customers (i.e. Wine Dinners & Jazz Nights in Premiere restaurant on a monthly basis, Sunday Table at Cafezoe on a weekly basis, Bistro Selection in Café Vienna Tea Lounge).

Action Plan: Effectively reposition hotel’s Tobar in the local market.

Short term objective: Increase awareness of hotel’s Tobar within specific target groups (mainly young audience). For the successful realization of this action plan the following tasks should be implemented:

- Prepare monthly e-campaigns featuring attractive offers of Tobar and distribute them to key clients and media.
- Organize bimonthly DJ parties with radio stations of high rating.
- Provide the space complimentary for shootings of high profile publications or broadcast media to maximize exposure.

3.4.4 New Media, Influencers & Implications in PR

3.4.4.1 Introduction

Marketers and public relations professionals today are confronted with an astounding array of new communications channels. Internet-based social media tools like blogs, podcasts, on line video and social networks are giving voice to the opinions of millions of consumers. While mainstream media continues to play a vital role in the dissemination of information, even these traditional channels are increasingly being influenced by on line conversations. The “new influencers” are beginning to tear at the fabric of marketing as it has existed for 100 years, giving rise to a new style of marketing that is characterized by conversation and community. Marketers are responding to these forces with a mixture of excitement, fear and
fascination. They’re alarmed at the prospect of ceding control of their messages to a community of unknowns. Yet at the same time they’re excited about the prospect of leveraging these same tools to speak directly to their constituents without the involvement of media intermediaries.

3.4.4.2 Interactivity and new media

Interactivity has become a key term for a number of new media options evolving from the rapid dissemination of Internet access point, the digitalization of the media, and media convergence. In 1984, Rice defined the new media as communication technologies that enable or facilitate user-to-user interactivity and interactivity between user and information; such as Internet replaces the "one-to-many" model of traditional mass communication with the possibility of a "many-to-many" web of communication. Any individual with the appropriate technology can now produce his or her online media and include images, text, and sound about whatever he or she chooses. Thus, the new media with technology convergence shifts the model of mass communication, and radically shapes the ways we interact and communicate with one another. Vin Crosbie described three communications media, interpersonal media as “one to one”, mass media as “one to many” and finally new media as individuation media or “many to many”.

Interactivity can be considered as a central concept in understanding new media, but different media forms possess different degree of interactivity, even some forms of digitized and converged media are not in fact interactive at all.

New Media changes continuously due to the fact that it is constantly modified and redefined by the interaction between the creative use of the masses, the emerging technology and additional sociocultural trends & changes.

3.4.4.3 Interactive PR Tools at the Athenaeum InterContinental Athens

As indicated above Interactive PR is the use of Internet tools and technologies such as search engines, Web 2.0 social bookmarking, new media relations, blogging and social media marketing. Interactive PR allows companies and organizations to disseminate information without relying solely on mainstream publications and communicate directly with the public, customers and prospects.

The term ‘interactive PR’ implies two-way communication, between an organization and its publics. Internet methods have emerged as a quick and convenient way of speaking to the public, but are better characterized as digital PR. Although dialogue is encouraged online, the feedback can be less than desired and/or incapable of reaching the intended audience. Interactive PR incorporates all forms of communication. It is not limited to online press releases and bloggers, but instead utilizes every element of building relationships while maintaining the significance of the spoken word. Famous examples of such digital interactive tools are blogs, Twitter, email/text blasts, MySpace and Facebook; those tools take an informal approach to talking at people, anticipating a response, but are unable to determine if the message is accurately comprehended.

Even though IHG has invested heavily in the enhancement of interactive PR tools, the Athenaeum InterContinental Athens seems to lack of such innovative approaches. To keep up with the constant changes of the ever demanding environment the hotel is forced to adopt the new tools always adhering to the IHG brand standards.

Thus, the hotel should proceed with the elaboration and successful implementation to any of the below tools:

- Press release content optimization for search engines, to help with SEO efforts.
- Promotion of press releases through social media sites, as well as participation in community discussions on these sites.
- Automated monitoring of online press coverage and use of brands and trademarks.
- Creation of internal corporate, organization or individual blogs ranging encouraging dialogue, positive and negative views, while, providing also efficient ways of sharing knowledge and maintaining news from an organization.
- Twitter for up-to-date information that is sent to one or everyone; mainly used for questions and contact allowing, also, people to follow each others' activities & keep in touch.
- Email/Text Blasts offering current information publicized quickly to a large group of people & ways to measure replies are mainly used in emergency situations.
- Social Networks such as MySpace and Facebook allowing people to communicate on a professional and/or social level offer complete control over the images and messages, free of charge, encouraging at the same time word-of-mouth publicity.
3.4.5 PR Evaluation

3.4.5.1 Introduction

It is increasingly acknowledged that the evaluation of PR programmes requires a mix of techniques. A set of mutually consistent methodologies needs to be developed, from which practitioners can choose according to the circumstances. PR evaluation, in fact, requires a more sophisticated analysis. As Cutlip\(^4\) notes “The most common error in programme evaluation is substituting measures from one level for those at another level”. The challenge is to establish and define the range of tools that will form the public relations professional’s future evaluation toolkit. Quantitative and qualitative methods should be used in combination and provide valuable insights into PR results. PR needs to adopt a progressive, consecutive approach to measurement and evaluation and develop the necessary skills for collecting data and conducting appropriate research. Standardizing evaluation methods remains a problematic issue in the tourism industry. Evaluation is and will continue to be a “hot topic” in public relations theory and practice, until generally accepted ways are found to finally provide evidence of PR’s contribution to results.

3.4.5.2 Media Content Analysis & Evaluation\(^5\)

In order to clarify the issues that challenge the advancement of PR measurement and evaluation in the hotel industry, it is essential to present the eight various approaches to content analysis that are already widely in practice.

These eight approaches range from simple “clip counting” to certain proprietary algorithms that purport to measure quality of coverage. Included in these approaches are human as well as machine and web-based classification and analytic systems. Finally, it should be noted that in order for any of the aforementioned methods of media content analysis to function as useful tools, they have to be applied in direct relation to the communications goals and objectives that the content analysis is tracking.

- Clip Counting

This is the most basic – and perhaps most antiquated – form of content analysis. With this system, relevant articles are collected and typically sorted chronologically or by date.

\(^4\) A Study on PR Variables in Marketing Mix Modeling, Institute for PR, 2009.

\(^5\) A New Model for Media Content Analysis, Institute for PR, 2009.
The analysis generally consists of a summary listing the publications and dates of publication as well as the total article count. These clips are bound together in chronological volumes. The analysis contains no insights, discussion or interpretation of the coverage and is dependent on the recipient of the report to draw judgments about the actual content. These judgments are generally only qualitative and are usually based on reading a handful of articles, articles that may not typify the actual coverage received.

✓ Circulation and Readership Analysis

The next level of content analysis builds upon clip counting by adding information about each article that is gathered from secondary data sources. The specific types of information added to a clip counting analysis may include circulation of the publication or number of copies distributed, readership or the total number of actual readers (circulation multiplied by average number of readers for each copy), demographic profiles of the readership of each publication (e.g. age, gender, income, education) and possibly even lifestyle information. A common approach with this type of analysis is to present a total circulation or total readership.

✓ Advertising Value Equivalence (AVE)

Advertising value equivalence is an estimate of the cost of purchase of advertising that has an equivalent size and location in a given publication on a specific day. This approach is generally discredited by public relations practitioners as well as by leading researchers. While there are some applications where AVEs may have utility, this approach is generally flawed. As in the analysis of circulation or readership, actual analysis of the content of the articles is not included in this type of study.

✓ Simple Content Analysis

This is a simple or basic content analysis that classifies or codes what is written in categories that can be statistically analyzed. The codes are developed by a close textual analysis of a sample of articles. The remaining articles are analyzed based on the presence of these codes. Each article is read to determine the presence of information that is classified according to the codes. Information from the codes is then entered into a database to determine the frequency of codes or classifications of information. This method accurately represents only what is actually written. Intended messages or specific items of information that are not included in the codes or do not appear in the articles are not included in the analysis. Coding is commonly done using readers who have been specifically trained to perform this task. In the past few
years, computerized systems have been developed to address these issues. However, these systems tend to be inflexible and often miss articles or misclassify the results. While significant advances have been made in this area, the most accurate coding is still conducted using human readers.

✓ Message Analysis

Message analysis differs from simple or basic content analysis by centring the analysis on the presence of intended messages in articles. Key messages are developed based on communications objectives. These communications objectives are “translated” into codes that become the basis of the analysis. Articles are coded by the presence of key messages included in each article. The analytic process is similar to a simple content analysis where the codes from each article are entered into a database for statistical analysis.

✓ Tonality Analysis

Tonality is an analysis that uses a subjective assessment to determine if the content of article is either favourable or unfavourable to the person, company, organization or product discussed in the text. There are a variety of different ways to assess tone. One of the most common is a simple classification of “positive,” “neutral” or “negative.” Other approaches rate each article or code on a finite scale. These scales may include a “zero to 100” scale where “zero” is completely negative and “100” is completely positive. Other options include scales with positive and negative ratings. This method can be applied using several different approaches. The first is an assessment of the tonality of an overall article. Other approaches assess the tone of a specific mention or code or assess the tone of a specific message that may appear in an article. Each article is typically assessed individually and the findings can be aggregated to present an overall assessment of the tone of the media.

✓ Prominence Analysis

This analysis takes into account six factors: the publication where the article appears, date of appearance, the overall size of the article, where in the publication it appears, the presence of photography or other artwork and the size of headlines. In a typical prominence analysis, each element is given a weight that is factored into an overall score for each article. That score determines the prominence of the article. Certain publications are generally rated as having higher prominence than others. This assessment is generally based on the size and perceived quality of the readership. Date of appearance can also be a factor since readership can be
much higher on specific days (e.g., Sunday or Monday). In this analysis, articles that receive higher prominence scores are given more emphasis in the analysis since it is assumed that the either the higher readership, prominence of the publication, size and placement of the article or a combination of these factors leads to higher communications effectiveness.

✓ Quality of Coverage

Quality of coverage is often based on a combination of factors. The factors typically included in this measure are tonality, prominence and inclusion of specific messages, as well as the overall volume of articles. Each of these factors is entered into a computation that generates a score for each article in the analysis. This generates a quality of coverage score. Many of these elements are highly subjective and usually are not tied to outcomes.

✓ Competitive Analysis

In addition to the analysis of an individual topic, event, brand or company, a content analysis can also be conducted comparing the performance of companies, brands, topics or events on their media coverage. This can range from comparisons of the total number of clips to the share of discussion to comparisons of the overall prominence one brand or company receives over another. This is often used as a way to assess relative performance in the media.

3.4.5.3 Publicity ROI Measurement Approaches ⁶

Prior proceeding to a careful examination of the hotel’s approaches in terms of PR measurement and evaluation, three new models to calculate publicity ROI are carefully examined:

✓ Return on Impressions Model

This approach demonstrates how the impressions produced by PR and media relations activities drive behaviour. The objective of most media relations efforts is to communicate specific message that influences the target audience to first think and then act in a particular way. Behaviour change, typically, is the ultimate desired outcome. The approach is based on the rationale that there is a set number of impressions – each containing the desired message required to make one person in the target audience become newly aware of a product or service.

⁶ Guidelines for Measuring the Effectiveness of PR Programs, Institute of PR, 2009.
The idea is that once a certain number of people in the target public are aware, a diminishing number will change levels of knowledge, understanding, motivational attitudes and opinions; and finally their commitment, actions and adoption behaviours. This has been called the Domino Theory or Social Diffusion Theory.

In the Return on Impressions approach, behaviour change is expressed in euros or gross sales revenues to provide a commensurate measure against the costs of the impressions. Return on Impressions ROI is calculated by dividing the incremental gain from PR by the invested resources, then multiplying this figure by 100%.

This approach is a “ball park” analysis, usually based on existing data. Many companies will have data on communication comparisons where they know total impressions generated and the sales behaviour. The model suggests that all impressions are equal, in that all subscribers to a magazine read every story including the one containing the desired message. Or, that each TV viewer intently watched the 30 second clip containing the desired message and wasn’t off getting a snack.

We know from research that every subscriber to the Wall Street Journal does not read each and every news item, though, a majority might. Therefore, we must be realistic when using impression data obtained from various sources.

Similarly, even if the model suggests that the fall-off is modest from one stage to another, the real world experience can vary widely. While this model assumes a linear progression from message receipt to purchase, and that the message by itself caused the purchase, research has shown this is not the case for most people.

People talk to and are influenced by other people. They visit web sites for more information. Previous behaviour (regular shopping trips to the same shoe store) may be a greater influence on a new purchase than an article in the local paper. What’s important is not so much the total impressions, but that they are targeted to the media channel and vehicle favoured by the potential customer.

Another concern is how to isolate the effects of PR and media relations publicity from other forms of marketing (e.g. advertising; sales promotion; etc). One method is to isolate the impressions from PR and media relations publicity versus those of other methods, and then attribute changes in behaviour outcomes based on the relative numbers of impressions. Doing so would theoretically require an assessment of how good each impression was, so that a
quality measure is assigned to impressions from various marketing activities. However, it is important to remember that this is a ballpark approach where one uses existing data on the ratios of impressions to awareness to behaviour to get a general sense of ROI. As such, it is somewhat antithetical to take a back of the envelope approach and start tweaking components when the technique overall is just to develop a directional sense.

Return on Media Impact Model

Another approach to measuring media relations publicity ROI is by using a technique akin to market mix modelling. At its basic level, it involves tracking media coverage against sales over time in different markets. This type of statistical analysis examines patterns in sales, usually by market and timeframe, and finds what mix of direct mail, advertising, point-of-sale promotions, etc. was being used at each time and place. By examining the variation in sales and in the marketing mix, what is driving sales is isolated.

A market mix model employs multiple regression analysis and its variations. The model analyzes key independent variables, which include media placements (quantity and quality), advertising sales, promotions, price, weather and anything else that could affect sales. These independent variables are regressed against the dependent variable which is usually sales. These data are often compiled and analyzed by market and by week. Model variations could include lagged measurements that are used to control for time order (when publicity or advertising campaigns were in the field for example) or place (where in the field or market).

Through marketing mix modelling, one can determine the relative ROI on a campaign-by-campaign basis, as well as determine how much of the changes in sales by time and market can be attributed to each element of the marketing mix including PR-generated media placements.

New methods that are enabled by technology allow PR and media relations publicity to show much more of a contribution than what could be shown even 10 years ago. Media impressions and content analysis data are gathered with more ease and thoroughness than ever before. With access to real-time sales data, pricing information and more thorough supermarket scanners, data warehousing and powerful computers make publicity data analysis an entirely different animal. This has been done by an increasing number of consumer products marketers such as P&G and Miller Beer.
The general approach to Return on Media Impact is where media coverage – both the quality and quantity – are tracked at regular intervals (e.g., on a weekly basis) and are assigned algorithm scores. The algorithm is often done on a 0-100 scale where points are given for tone, message, content, prominence, tier of publication, and presence of a third-party spokesperson. The allocation of the points is usually based on the goals of the program, and can be validated in this statistical model. Sales are also tracked at the same intervals as are all the other independent variables such as price and advertising. Statistical analyses (such as regression) are conducted to determine the percent of movement of sales described by different elements of the quality (e.g., tone, messages, spokesperson inclusion, etc.) and quantity (e.g., total mentions, Share of Ink or Impressions, etc.) of placed media coverage.

The key to including media relations publicity data within a market mix model is to produce data with the same level of granularity and frequency as the sales data. Usually, this entails gathering weekly data in each market. But recent advances in output measurement provide data on the quantity and quality of PR and media relations publicity efforts by timeframe and market on an ongoing basis.

While many view Return on Media Impact or market mix modelling as a panacea, it is a relatively new field and not without issues:

1. Media relations publicity and other forms of marketing communications such as advertising often affect sales over time, and estimating the lag effects can be quite complicated.
2. Unless every factor affecting sales can be defined, the model is incomplete. There are likely to be extraneous variables that are driving sales, which make the model less precise.
3. If advertising or other aspects of marketing communications have much greater resources than publicity, it may be difficult to isolate perturbations in sales due to PR & media relations publicity.

✓ Return on Target Influence Model

Surveys can be used to show how varying levels of desired outcomes, such as awareness, attitude or behaviour change, are influenced by media relations publicity. One or a series of surveys is conducted among a representative sample of the target public to determine levels of change. In the same questionnaire, questions are asked to whether respondents were exposed to outputs of the media relations publicity campaign – media impressions - and what they
took away from that (message recall; retention and attention). Using binary variable analysis, the change in the probability of the desired outcome based on media exposure is determined.

A survey is needed so as to be determined if a message embedded in the impressions had an effect on the target audience. Most companies conduct attitude and usage or advertising tracking studies that lend themselves well to this approach.

An issue with this approach is that, when asked, many respondents cannot differentiate between advertising and media impressions. They can’t remember where they read/saw/heard the message. Sometimes when the advertising and media relations publicity are very similar, it may make sense to consider the two together in the questionnaire and then allocate impact based on relative amounts of each as expressed in impressions.

One survey at the end of the campaign or at the point of sale may not be enough in this model. Research has shown that media relations publicity, more times than not, has a delayed effect. That is, awareness, motivation and/or behaviour change may occur some time later than when the media vehicle reached the target public. Whether one, two or three surveys are required probably depends on the complexity of the idea, product or service being sold.

3.4.5.4 PR Evaluation at the Athenaeum InterContinental Athens

As already indicated above, in the short term, PR measurement and evaluation involves assessing the course of specific PR activities by measuring the outputs, outtakes and/or outcomes of those programs against a predetermined set of objectives. In the long-term, PR measurement and evaluation involves assessing the course of broader PR efforts that focus on improving and enhancing the relationships that organizations maintain with key constituents.

Traditionally, the Athenaeum InterContinental Athens, mainly due to lack of resources and restricted budget has used the Clip Counting and occasionally the Circulation & Readership approach, thus, taking into consideration evaluation models measuring only the outputs of the hotel’s PR plan. Measuring media content, while of great value, needs to be viewed as only a first step in the PR measurement and evaluation process. As already stated above, it can measure possible exposure to PR messages and actual press coverage; however, it cannot, by itself, measure whether target audiences actually saw the messages and responded to them in any way. Hence, it is crucial that the hotel re-evaluates its current approach & adopts enhanced methods of measurement and evaluation including data analysis based on the outtakes and the outcomes of PR activities.
First and foremost the Athenaeum InterContinental Athens is called to establish a well articulated PR action plan with clearly identified strategic & tactical objectives tied directly to the overall goals of the corporation and desired outputs, outtakes and outcomes. With that being said, the hotel should differentiate & carefully select the measurement methods of PR outputs, which are usually short-term and surface (e.g. the amount of press coverage received or exposure of a particular message), PR outtakes, that are usually more far-reaching and can have more impact (e.g. determining if those to whom the activity was directed received, paid attention to, comprehended and retained particular messages) and PR outcomes, (e.g. did the program or activity change opinion and attitude levels, and possibly behaviour patterns).

Finally, it should be stated that there is no one, simple, all-encompassing research tool, technique or methodology that can be relied on to measure and evaluate PR effectiveness. Usually, a combination of different measurement techniques is needed. Consideration should be given to any one or several of the following: media content analysis, cyberspace analysis, trade show and event measurement, public polls and surveys, focus groups, experimental and quasi-experimental designs and/or ethnographic studies that rely on observation, participation and/or role playing techniques.

### 3.5 Sales, Marketing & PR budget

Once the hotel’s Sales, Marketing & PR yearly action plans have been clearly established, the PR office is challenged to proceed with a budget forecast scenario including the expenses as per planned PR activity. At this point, it is considered crucial to present the five basic techniques that are used to allocate funds to PR & Promotion activities:

1. **Percentage of sales method**

   In most cases this “percentage of sales method” is used to determine the promotional budget of the company. According to this approach, a certain percentage of the revenue sales made in a fixed period is allocated to such activities. Historically, most of the firms that have used this model tended to allocate 6%-10% of their gross revenue into their Marketing & PR budget.

2. **Unit of sales method**

   For corporations that manufacture products this is the most preferred method to allocate their Marketing & PR funds; based on the units of sales that are produced. According to this approach the figures of units are multiplied by fixed amount of money to reach the budget.
✓ Competitive parity method

Some marketers match or base their Marketing & PR budget to that of the major competitors. The logic attributed to this method is that the collective minds of the companies in the industry probably generate budgets that are close to optimal and any departure from the industry norms may lead to promotion war.

✓ “All you can afford” method

This approach is used by small companies with limited budget, since it indicates merely an availability oriented, unsophisticated budget. The Marketing & PR budget is predetermined based on “what’s left” after all other budget allocations have been completed.

✓ Objective end task method

This approach presumes that the Marketing & PR strategic action plan is coherent to the overall strategy of the organization; thus, after examining the current market circumstances, the product, the offerings, the competition and consumer behaviour, key promotion objectives & tasks need to be clearly identified alongside their implementation costs. If the cost happens to be greater than the available funds, then, either the objectives are refined or the funds are made available (usually by reducing the budgets of the other activities).

The Athenaeum InterContinental’s Marketing & PR budget is formulated yearly and re-examined on a regular basis according to this approach, as it is clearly demonstrated from the following table.
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### Sales, Marketing & Public Relations Budget

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Table 3.5-1: 2010 Athenaeum IC Athens Sales, Marketing & PR Budget
3.6 Innovative PR Approach to be adopted by the Athenaeum InterContinental Athens

3.6.1 Integrated Marketing Communications Model

The economic turmoil and the emergence of radical changes mainly in the fields of technology, competition, social systems, legislation and the political environment have had a great impact on traditional or historical marketing and PR approaches. Due to these changes, the Athenaeum InterContinental Athens is forced to restructure its current approach to Marketing and PR to meet the needs of today’s travellers.

For the time being, the components of the hotel’s communication mix are rather regarded as separate functions; marketing communication tools have become a subset of PR and PR tools have become a subset of marketing communication, while, the PR Office is addressing markets and the Marketing Dpt is addressing publics.

According to the new Integrated Marketing Communications model (IMC), the hotel is challenged to adopt the concept of designing marketing communications programs that coordinate all promotional activities – advertising, personal selling, sales promotion, public relations, ad and direct marketing to provide a consistent message across all audiences. Based on such approach, media advertising could be used to build brand awareness, sales promotion to generate an inquiry, direct mail to provide additional information to individual prospects and personal sales calls to complete the transaction. All marketing tools are used for different reasons and their combined use creates a synergy that should be the focus of the assessment.

Based on the IMC model, the PR office of the Athenaeum InterContinental Athens should readjust its functions accordingly and adhere to a rather proactive than reactive approach. First and foremost, the hotel’s PR office should have two primary goals: internal hotel relations and external/media relations. Once internal communication is taking place, a targeted, well thought and executed PR campaign will be successfully implemented.

The following figure illustrates the IMC model, while, the circle on top features the merger of the Public Relations’ target audiences of publics and the marketing audiences of markets.

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8 The handbook of strategic PR & Integrated Communications by Cl. Caywood, 2006.
STAKEHOLDERS

- Government
- Financial Stakeholders
- Media
- Scholars & Opinion leaders
- Employees
- Internet Groups
- Community
- Distributors
- Suppliers
- Trade, Professional Organizations & Competitors

Receiving Tools
Primary Data
Quantitative:
Survey, Experiment, Press Clippings
Qualitative:
Personal interviews, Focus groups
Secondary Data
Survey organizations, Academic Journals

Interactive Tools
Electronic Mail
Telephone
Conferences
Strategic alliances, etc

Sending Tools
Advertising
Direct Marketing
TV/Radio, Print
Sales Promotions
Displays, Coupons
Publicity
Events, News Releases

Integrated elements:
Consistent message & image
Common creative elements
Coordinated timing

ORGANIZATION

Diagram 3.6.1-1: Integrated Marketing Communications Model
3.6.2 IMC PR Strategy & Tactics

The most direct impact of IMC on hotel Public Relations is in the way mutually productive relationships with the press are established. There are great many synergies between how to profile a model guest and the tactics the PR Office would use to profile a model contact to ultimately determine the vehicles needed to find more of those guests.

After a thorough examination and segmentation of the hotel’s customer and media database, the following tactics should be taken into consideration for the successful operation of the PR Office within the IMC environment:

✓ Outside-in instead of inside-out marketing

Using a rather customized outside-in marketing approach, providing to the press the information they really need after investigating carefully on current media trends, distributing press material to the members of the hotel’s database or to journalists who have been identified as willing to accept the information.

✓ All Marketing is Communication & all Communication is Marketing

Based on this premise, PR should find ways to communicate the IMC environment not only to its external customers (media) but, internally as well. The necessary training modules and relevant printed material used for corporate reasons could exemplify to all employees their role in IMC environment (i.e. relevant printed material such as posters with key phrases that serve as constant reminders of the hotel’s overall mission and corporate culture).

✓ Not all customers (media) are equal

Through the use of IMC approach, a value on the hotel’s media database should placed so that each member of the database is treated accordingly.

✓ Achieve relevance & receptivity

Analyzing behavioural patterns of the hotel’s guests could lead to a careful selection of the most effective delivery methods, thus, using the most efficient media to spread the message around.

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9 Value-added PR: The secret weapon of integrated marketing by T. Harris, 2003.
✓ Total customer(media) revenue

Determining the hotel’s target customers will help targeting the most effective media outlets that would attract more of this model customer. The constant communication between PR, Sales & Marketing is an equation that can prove to be most profitable for the hotel if handled methodically and in relation to proven track records.

✓ Return on investment (measurement & evaluation)

Comparing the results we received from the hotel’s targeted media in a given year versus the amount of time spent cultivating a relationship. Award winnings and global recognitions should be also taken into consideration on this stage.

3.6.3 Conclusion

In an age of increasing information overload, the consumer has developed a coping mechanism to deal with the amount of information being received. There is increasing evidence that customers and prospects are basing most of their purchasing decisions on what they perceive to be important or true (or what they think is right or correct) rather than on solid, rational, economically derived information. To the consumer, perception is truth. A perception may not be correct, but it is what they know, and what they know is all they need to know. This new "sound bite" approach to gathering marketing information demands that a corporation’s statements about products or services must be clear, concise, consistent, and comprehensible through all forms of communication or the consumer will simply ignore them. Any minor inconsistency that does not match the existing "mind map" and will be ignored.

In addition to the above, it is should be clarified once more that mass marketing approach used to have positive results in standardized, undifferentiated products targeting mass audiences through mass oriented media driven by advertising revenues. However, with the gradual collapse of mass media and the adaptation of a customer oriented approach rather than a product oriented in most sectors of the global economy and most importantly the tourism one, the Integrated Marketing Communications, and the increasing role of PR in this environment, seems to be a necessity. The Athenaeum InterContinental Athens is now called to adopt the aforementioned approach so as to keep up with the competition & satisfy the interests of its stakeholders, thus, maintaining a successful course within the current market.
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