9-1 Capstone Component 1 and 2: Integrated Marketing Portfolio and Executive Summary Presentation

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MKT-700-X4076 Marketing Capstone 23TW4

Professor White

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Dear Samantha,

In response to your request to create an effective marketing plan for TRU by Hilton, an entire global target market overview will be provided in this memo. This memo will include a current industry overview, the suggested target niche market consisting of the millennial and Gen Z audiences that should be targeted for TRU by Hilton and the reason why these generational groups are the perfect target audience to market your services to. I will also provide the targeted market's demographics, lifestyle, and purchasing behavior information and segmentation variables.

An extensive competitive analysis of the current competitive environment, economic factors affecting the market, as well as, competing brands and business that are achieving success will be included. The information provided will present you with a clear picture of your competition in the hotel industry in this latest endeavor to attract Gen Z travelers.

TRU by Hilton objective:

To grow and expand TRU by Hilton's hotels to local, national, and international Gen Z customers serving both personal and corporate needs with the goal of obtaining a profit and becoming the go-to hotel chain for Millennial and Gen Z consumers in 2 years.

Strategy:

The hospitality market is very competitive with new hotels popping up every day but the secret to TRU by Hilton's success is setting itself apart from the others. We do this by niching down our market and exceeding those consumers' wants and needs in a hotel destination.

New Product Concept:

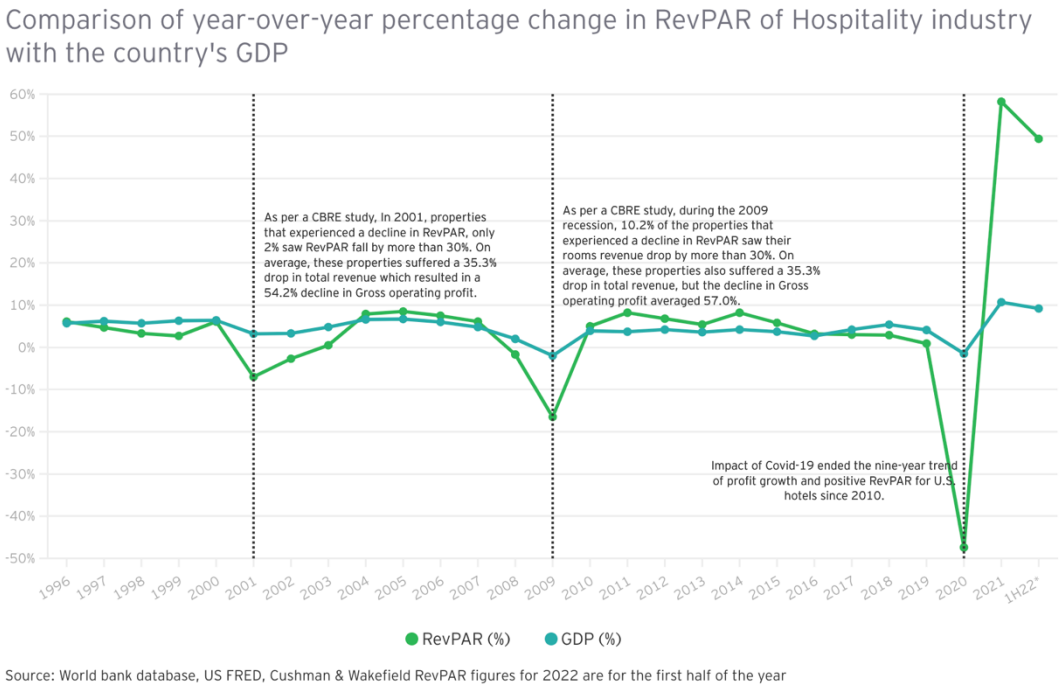
To separate TRU by Hilton from a saturated and competitive market, a unique product concept is being proposed for TRU. TRU by Hilton was originally designed with the Millennial generation in mind but, going forward, we want to include Gen Z (born between 1997 and 2012) in the target audience. Gen Z is very tech savvy (all about the Internet of Things (IoT), budget and environmentally conscious and the authentic story is very important to them. For the new product concept, I think we should really focus on sustainability. Stand out by giving Gen Z an experience to feel good about and that they can feel good about sharing.

- Provide locally sourced food and snacks on site by creating a rooftop fruit and vegetable garden.
- Provide recyclable aluminum drinking bottles with the TRU by Hilton branding on them and water stations on property to fill up. This will cause less waste while at the same time giving the guests something to feel good about plus, they'll proudly reuse those water bottles in public providing TRU with very cost-effective word of mouth marketing.
- Lastly, reduce plate size at breakfast buffet and make sure that guests know they can go back as often as they want. This will reduce food waste.

Hotel Market Overview:

The hospitality industry is still booming in 2023 as travel demand continues to grow faster than it was over the last few years despite the threat of a recession. Leisure and business travel remain

strong in a post pandemic era where the urge to travel is real, travel restrictions have been lifted, conferences and conventions are back, many workplaces are lifting work travel bans and remote work allows digital nomads (bleisure travel) to travel more as they can work from anywhere with Wi-Fi access. According to EY, "Market performance of hospitality has exceeded other industries such as technology and retail, with the gap widening in the second half of the year. Add the fact that revenue per available room (RevPAR) has exceeded GDP (gross domestic product) growth during the current economic cycle, and 2023 should be a good year for the hospitality sector," (Riaz, 2023).



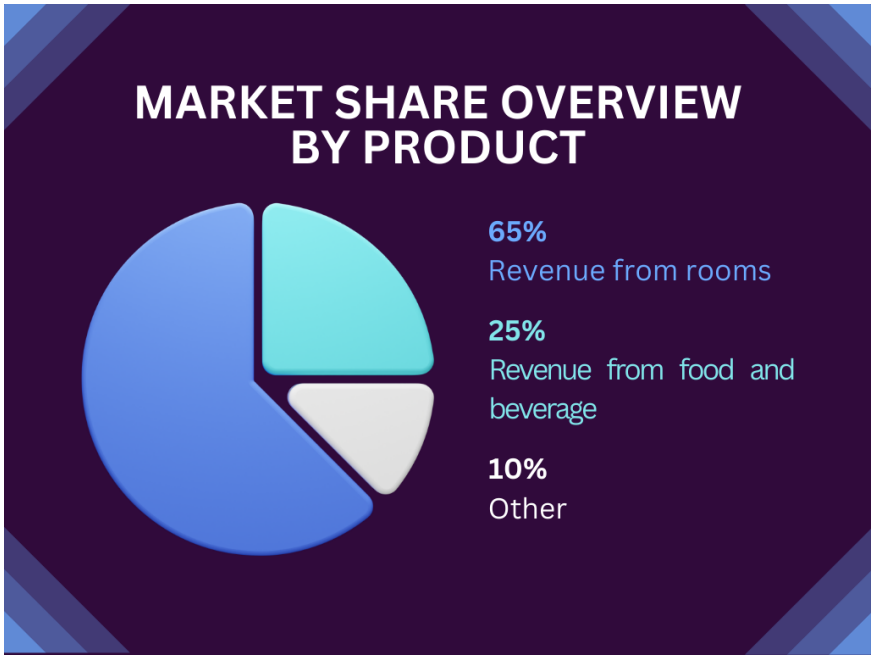
Source: World bank database, US FRED, Cushman & Wakefield RevPAR figures for 2022 are for the first half of the year

In the United States, "RevPAR was up 8.1% in 2022 from 2019 and Europe was up 6.1%. Asia, driven primarily by China, saw a 31.2% RevPAR decline from 2019 to 2022," (Riaz, 2023).

Industry Products:

The hotel and hospitality industry can include several different services/products including food and beverages, lodging (rooms), recreation, travel and tourism and meetings and events.

According to Hotel Tech Report, “PKF reported that the average American hotel generates 65% of revenue from rooms, while 25% comes from F&B and 10% from other outlets,” (Hollander, 2023).





Political and cultural considerations

The hospitality industry is greatly affected by the decisions of local government. While any political unrest in a country can harm the hotel industry's growth, political stability is good for growth. For example:

- When there is political unrest or any kind of emergency, the country's government can impose a travel ban. A travel ban will most definitely have a direct effect on hotel industry business because hotels heavily depend on tourists in need of accommodations.
- The election of new government officials or other changes in government can be beneficial or harmful for the hotel industry. Depending on the political party, it could favor the hotel

industry as supportive of the nation's economy. On the other hand, a different political party could see no added value.

- Government taxation in the hotel industry plays a crucial role, and it impacts the overall profit of the hotel. If the government decides to make tax reforms that could be beneficial to the hotel industry allowing hotels to save money in taxes, the hotel can then invest that money in improvements like security systems or infrastructure development.

Another crucial factor that effects the global hotel industry is the citizens' preferences and spending habits. They can shape the society and the culture they live in. The age of the travelers visiting also plays an important role in the selections and choices. For example:

- Travelers come from different social classes and age groups. According to EdrawMax, "Millennials prefer to compare the price of the hotels and the amenities before checking into a hotel," (*Detailed PESTEL Analysis of Hotel Industry | EdrawMax Online*, n.d.) As we are now targeting Gen Z, according to Wordstream, we need to keep in mind that they are not impulsive buyers, they look for deals and they do their research on social media, (Author, 2022). Travelers often choose which hotel they'll stay in based on amenities like on property bars, swimming pools, valet, etc. Scenic views can also influence which hotel a traveler chooses.
- Hotels that provide tourism packages that include local events allow guests the chance to get an insider's glimpse of local culture. Taking the initiative to provide these services allow guests to immerse themselves in and get to experience local culinary fare and culture which is what traveling is all about.

- The hotel industry is highly competitive, with new hotels popping up all the time. Many guests (especially Gen Z guests) book a hotel after doing extensive online research, reading reviews from influencers, or from word-of-mouth recommendations from family, friends, or peers. This makes the hotel industry very dependent on customer service and first impressions.

Environmental forces

In a world where sustainability is so important, environmental factors influence the hotel industry. More and more frequently, hotels have adopted sustainable practices to keep their hotel environment-friendly and competitive with other hotels. For example:

- According to EdrawMax, "Hotels can take measures to decrease food, water, and energy wastage. They may switch to renewable energy sources for power to reduce pollution. They can also increase the use of recyclable products to stop plastic pollution, "(*Detailed PESTEL Analysis of Hotel Industry | EdrawMax Online*, n.d.).
- Since traditional chemical cleaning products can have negative impacts on the environment, many hotels have chosen to stop using harmful chemicals and opted for more environmentally friendly, green products.
- The environment surrounding a hotel will also influence how well a hotel performs and grows. For example, obvious water and air pollution, or if the hotel chooses not to follow cleanliness standards and environmental policies, guests will likely feel uncomfortable staying at the hotel and opt to stay elsewhere.

Economic market:

The hotel industry is experiencing growth because investors are lured in by its profitability. This industry also contributes to a country's economy because of the use of foreign currencies. These are examples of economic factors that can affect the hotel industry:

- Hotel preferences change depending on the economy and how much disposable income travelers have. According to EdrawMax, "economic conditions like inflation, unemployment, recession, and economic instability directly impact the hotel business, (*Detailed PESTEL Analysis of Hotel Industry | EdrawMax Online*, n.d.). When the economy is doing well, travelers tend to opt for staying in luxury hotels which brings in more profit to the hotel. However, if the economy is doing poorly, travelers tend to be more frugal, and they will opt to stay in more budget friendly hotels.
- Foreign currency and conversion rates contribute to the hotel industry if the economy is doing well. If the economy is stable or on the rise, travelers are more likely to visit foreign countries. This practice increases the foreign currency reserve of a country and strengthens its economy.
- The hotel industry greatly impacts the global economy and keeps money circulating. With more than 700 thousand hotels globally, and the employment of roughly 173 million people, the hotel industry is a huge contributor to the global economy.

Targeted Consumers: Gen Z men and women

Currently, TRU by Hilton has focused its efforts on Millennials and it has been very successful with that generation. According to Growjo.com, "TRU by Hilton's estimated annual revenue is currently $297.6M per year," (Growjo, n.d.). With Gen Z having an estimated spending power of

$360 billion, they already make up for 40% of global customers, (Author, 2022). Gen Z Is the future of hospitality consumerism.

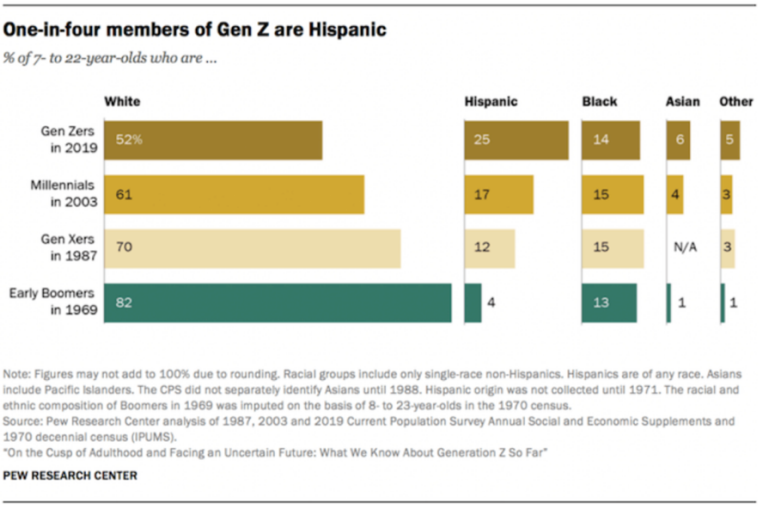
There are currently over 2 billion members of Gen Z globally as of 2023 and about half are still minors. They account for around 30% of the global population. In the U.S., Gen Z represents about 68.6 million citizens which is 20.67% of the US population in 2023. According to Zippia, the generations are evenly split in the US, with Millennials accounting for 21.75% of the population, Gen X at 19.83%, and Baby Boomers at 21.16%. (Flynn, 2023). However, with half of Gen Z still being minors and possibly not even part of the work force yet, their spending power is only growing as they come of age and start earning money.

Gen Z is very tech savvy and budget conscious. Digital check-ins, smart keys, app-managed housekeeping in hotels is a breeze for them. They place a great amount of value on their beliefs and prefer to choose businesses that align with those belief systems. Gen Z is all about authenticity, sustainability, and experiences. They prefer their reviews from influencers rather than commercials. As they are true digital natives, they expect instant replies to online questions and with an 8 second attention span, that means immediately. You need to be where they are, so a strong digital presence on TikTok, Snapchat, YouTube and Instagram are where you can connect with this group.

Demographics:

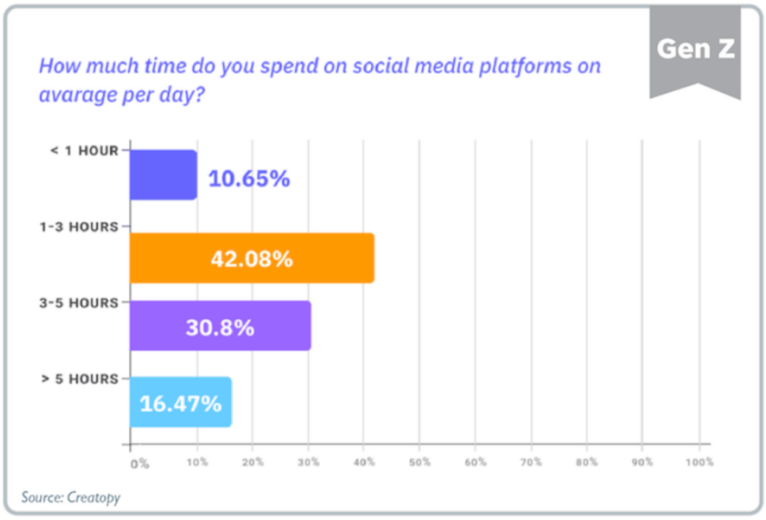
- **Gender**: Male, Female, Non-binary, and gender fluid
- **Age**: Gen Z, born between 1997 and 2012.

- **Education**: Gen Z students are on track to become the most educated generation. They have a higher high school graduation rate and lower dropout rates than their Millennial and Gen X counterparts. According to Timelycare, “In 2018, 57% of 18 to 21-year-olds were in college, compared with 52% of Millennials, and 43% of Gen Xers at similar ages,” (Dennington, 2023).
- **Income**: According to the Forage, “the median Gen Z salary is $33,800 per year,” (Kaplan, 2023). However, according to Yahoo*!* Finance, “Gen Z says they require an average salary of $171,633 to feel financially healthy,” (*Yahoo Is Part of the Yahoo Family of Brands, n.d.)* Thankfully, TRU by Hilton is very reasonably priced.
- **Marital Status:** According to MacWilliam, 75% of Gen Z are single. 74% of Gen Z daters say they wouldn’t date or marry someone with different views on green issues as them. 71% say there’s no way they’d be with someone with different political views than them. 16% of engaged Gen Z couples met online. A whopping 74% of Gen Zers use dating apps. 29% of Gen Z are married but 80% want to get married, (Hällström, 2022). For our purposes, we are targeting single and married travelers.
- **Race**: According to Wordstream, Gen Z is projected to be the most diverse generation in American history in terms of ethnicity and race and is predicted to become majority nonwhite by 2026. For our purposes, all races and ethnicities are welcome.



Lifestyle and Psychographics:

- **First true digital natives**: The internet has been around since Gen Z was born so from the earliest age, they've been exposed to the internet, to social networks and to mobile systems. This fact has made Gen Z into a hypercognitive generation that is completely comfortable with "collecting and cross-referencing many sources of information and with integrating virtual and offline experiences," (*&Lsquo; True Gen&Rsquo: Generation Z and Its Implications for Companies*, 2018).
- **They spend a lot of time online:** According to Wordstream, they spend on average 1-5 hours a day on social media with only 11% spending less than an hour on their feeds. In fact, the most popular social media platforms among Gen Z are YouTube, TikTok, and Instagram. They consume twice as much video content as their Millennial counterparts and many Gen Zers create content on these platforms, which means they themselves are also a great source of User Generated Content (UGC) for other Zoomers.

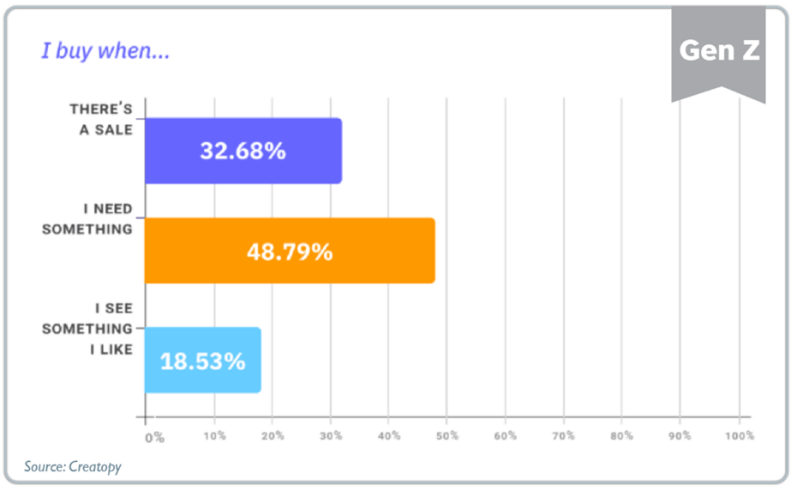


- **Socially conscious:** Social consciousness is the defining characteristic of Gen Z. They're most passionate cause is racial equity. According to Mckinsey, they also care very deeply about such causes as "climate change, sustainability, environmental responsibility, gender equity, access to healthcare, an end to gun violence and economic opportunity," (*&Lsquo; True Gen&Rsquo: Generation Z and Its Implications for Companies*, 2018).
- **True Gen:** At the foundation of everything Gen Z, authenticity is key. They are always in search of the truth, and it effects how they move through the world. According to McKinsey, "Gen Zers value individual expression and avoid labels. They mobilize themselves for a variety of causes. They believe profoundly in the efficacy of dialogue to solve conflicts and improve the world. Finally, they make decisions and relate to institutions in a highly analytical and pragmatic way," (*&Lsquo; True Gen&Rsquo: Generation Z and Its Implications for Companies*, 2018). Their search for the truth is why Gen Z feels more comfortable not having just one way to be itself in comparison with previous generations. Their constant search for authenticity allows them a greater freedom of expression and more openness and willingness to understanding different kinds of people. It's a beautiful thing.

- **Love to travel:** Gen Z says that vacations bring more joy to their lives. This could be a direct result of the pandemic that caused major disruptions to their lives including their education, social lives and having to start their careers remotely. All of this has not only created a lot of anxiety amongst this generation but a desire to get out of the house and travel. Since these digital natives spend so much time online, it's no wonder they are influenced to travel by social media and word-of-mouth reviews by influencers and/or people they trust.
- **Protective of their work/life boundaries:** Maybe it's because they've started their careers remotely and it was so easy for work and life to overlap and blur the lines, this generation had to learn to separate the two. They are rejecting the "hustle culture" and opting for the "soft life" (placing an emphasis on a slower, healthier, and reframed version of success compared to previous generations).

Target Audience Buying Behaviors:

Gen Z has great spending power and over 70% of Gen Zers say they have a stable source of income. Keep in mind, many Gen Zers are still students. Believe it or not, to still be so young, they are not impulsive consumers. While 50% do shop online on average of once a month, 50% only buy when they need something. Still, 33% of Gen Z consumers look for bargains and only purchase when there are sales.



Competitive Analysis:

TRU by Hilton is considered a midscale hotel and currently can be found at 249 locations in the United States with 2 locations in Canada, with several more planned globally. TRU hotels are made specifically with younger travelers in mind with lower priced room rates and modern tech conveniences, perfect fort Gen Z. This brand of Hilton hotels is modern, minimalistic with a social vibe and the young traveler in mind. Offering interactive, semi-private workspaces, game rooms, multimedia areas plus a 24/7 market where guests can grab snacks, coffee and other beverages and light bites all fits the Gen Z lifestyle. TRU by Hilton competitors would be Fairfield Inn, La Quinta, and Comfort Inn.

Fairfield Inn

Fairfield by Marriott was built on the idea of warm southern hospitality. Fairfield's main objective is to make your stay as easy as possible. It's all about the customer service, from the kindness of a friendly greeting to the comfort of a good night's sleep. Guest rooms are designed with their guests' comfort and convenience in mind. Part of their hospitality includes free breakfast and coffee and a 24/7-hour market for guests' convenience. Also provided are

streamlined workspaces in the lobby and outdoor spaces, fitness centers and pools to energize and rejuvenate.

Currently, Fairfield inn has 1141 locations in the U.S. and Canada, 96 locations in Asia and 16 locations across the Caribbean and Latin America.

La Quinta

La Quinta by Wyndham provides contemporary accommodations and prides itself on a friendly staff and exceptional signature *Here for You* service. They provide breakfast and pet-friendly rooms. Rooms are modern and contemporary providing guests with a place to relax, work and recharge. This is made easier by La Quinta's thoughtful amenities like their pillow-top mattresses, flat-screen HDTVs and free WIFI.

Comfort Inn

Comfort Inn hotels, pride themselves on offering travelers a consistent, warm, and welcoming experience. The rooms are spacious, the staff is friendly, and they provide all the modern amenities like free WIFI and a free hot breakfast (including waffles). All rooms are 100% smoke-free and have in room refrigerators and microwaves. If a traveler wants to relax and unwind, there are on-site fitness centers and pools at most Comfort Inns. They have locations worldwide.

According to Macrotrends, Hilton Worldwide Holdings annual revenue for 2022 was $8.773B, a 51.57% increase from 2021. Hilton Worldwide Holdings annual revenue for 2021 was $5.788B, a 34.39% increase from 2020, (*Hilton Worldwide Holdings Revenue 2022-2023|HLT, n.d.-b*).

According to Hilton, 2022 fourth quarter system-wide revenue per available room (RevPAR) was $102. That was 7.5 percent above the level in the comparable period in 2019, making for the second consecutive quarter that the figure surpassed pre-pandemic levels.

According to Skift, Hilton is forecasting that in 2023 it will produce a net income of between $1.38 billion and $1.45 billion, this is reflective of management's optimism that the U.S. and Europe will avoid the effects of the recession or not let the recession reduce travel demand. Hilton expects to push RevPAR up between 4 and 8 percent year-over-year on a comparable and currency-neutral basis, (O'Neill, 2023). This would be modest comedown from the 2022 performance.

Goldman Sachs projects that Americans will have spent down close to two-thirds of their piled-up pandemic savings by the end of 2023, which could affect the current post pandemic rebound the travel industry is experiencing, (Ensign & McCaffrey, 2022).

Likelihood of Success factors

When marketing to Gen Z, there are several factors that can influence the likelihood of success for TRU by Hilton. Here is a few "likelihood of success" factors:

- Authenticity: Gen Z values authenticity and transparency. TRU by Hilton should emphasize its genuine experiences, highlighting real customer stories and promoting a genuine connection with this audience. This can be measured by using the #TRU4GENZ hashtag.
- Digital Presence: Gen Z is a highly digital generation. TRU by Hilton should continue to grow its strong online presence using engagement, leveraging the social media platforms

where Gen Z spends most of its time. It would be beneficial to hire Gen Z's favorite, trusted influencers to engage with and attract the Zoomer demographic. Utilizing targeted digital advertising and personalized messaging can also be effective.

- Social Responsibility: Gen Z is extremely passionate about social and environmental issues. TRU by Hilton can appeal to this generation by showcasing its commitment to sustainability, community involvement, and ethical practices.
- Unique Experiences: Gen Z seeks out and craves unique and personalized experiences. TRU by Hilton can tailor its Gen Z offerings to cater to this desire, i.e., offering local and authentic experiences, promoting communal spaces for social interaction, and providing customizable amenities.
- Technology Integration: Gen Z is very tech-savvy and not only wants but expects seamless integration of technology in their travel experiences. TRU by Hilton can leverage technology to enhance the guest experience, by utilizing some tech conveniences like mobile check-in, smart room features, and personalized recommendations.
- Value and Affordability: Gen Z is cost-conscious and seeks value for their money. They take their time, do their research, and find the best deals that align with their beliefs. TRU by Hilton can focus on offering competitive pricing, transparent pricing structures, and value-added services to cater to this demographic's budget-conscious mindset.

Anticipated growth and revenue opportunities for TRU by Hilton

- Increased Demand for Authentic Experiences: Gen Z travelers are seeking authentic and local experiences, and mid-scale hotels like TRU can capitalize on this trend by offering unique and immersive experiences that reflect the local culture and attractions.

- Business Travel Recovery: As business travel resumes post-pandemic and bleisure travel is on the rise, TRU can benefit from increased demand from corporate travelers seeking comfortable and convenient accommodation options at a budget-friendly price point.
- Focus on Sustainability: A growing environmental consciousness, especially amongst Gen Z, has led to an increased demand for sustainable and eco-friendly hotels. Sustainability matters and by TRU focusing on and incorporating sustainable practices it communicates their commitment to the environment which will attract eco-conscious Gen Z travelers.
- Technological Integration: Implementing technology to enhance the travel experience can be a significant opportunity for growth amongst the digital native generation. TRU can leverage some features they already have in place like mobile check-in and invest in others such as digital concierge services, smart room technology, and personalized recommendations to cater to these tech-savvy travelers.
- Flexible Booking Options: Offering flexible booking policies, such as free cancellations and modifications, can help TRU attract and retain Gen Z customers who prioritize flexibility and convenience in their travel plans.
- Targeting Niche Markets: Identifying and catering to specific niche markets within Gen Z can be a strategy for TRU to differentiate themselves and attract a loyal customer base. Examples include family-friendly accommodations, pet-friendly hotels, or properties with specific amenities geared towards certain interests (sustainable products) or full digital experience with no interaction with employees.

What the competitors are doing to be successful

Fairfield Inn

Fairfield inn by Marriott not only has affordable rates, comfortable rooms, and convenient locations, they treat their employees right. According to Forbes, Marriott invests in health and wellness programs and the benefits that these programs provide to their 377,000 employees and to the organization as a whole. “Marriott was founded on the principles that if you take care of employees, they will in turn, take care of customers; employees feeling good about themselves will be inspired to serve others,” (Morgan, 2016).

La Quinta Inn

La Quinta by Wyndham has more than 870 hotels across the U.S., Mexico, and Canada. Their secret to success is early and often engagement. According to Think with Google, they figured out that it is crucial to drive early consideration and work diligently to ensure the company's various marketing channels are working optimally together.

To identify which customers were most likely to book reservations, La Quinta implemented a solution that combined audience targeting, data-driven attribution, and Smart Bidding, (ThinkwithGoogle, 2020).

La Quinta did this by putting data from La Quinta Returns (customer loyalty program) to use by incorporating it into Google Ads[4] with Customer Match. This allowed La Quinta to bid higher for its most valuable customers when they searched for a hotel on Google.com. They also used remarketing lists for search ads (RSLA) to bid differently for customers who had previously been on the La Quinta website. This allowed them to stay in touch with potential

customers throughout every part of the booking process. Done along with targeted CPA bidding, La Quinta was able incorporate more statistical information into consideration and drive more conversions by bidding where they knew it would work and not wasting funds on unprofitable clicks.

Comfort Inn

Comfort Inn is committed to being at their best so that travelers can be at there's. Comfort Inn has always been clean but has been participating in a Commitment to Clean initiative since summer of 2020 with enhanced training and best practices for cleaning, disinfecting and social distancing which means a lot to travelers since Covid. They've also completed renovations as part of a $2.5 billion Move to Modern refresh initiative. Both efforts help keep Comfort Inn competitive and relevant to Gen Z travelers.

Financial Analysis

Financial background:

The hotel and hospitality industry are one of business and pleasure. It goes hand in hand with the travel industry. People will always need to travel for business. However, in the past few years, during the pandemic, travel was severely limited. Now, that things have begun to return to normal, recreational (vacation) travel has begun to pick up and business travel bans are slowly being lifted which are both good news for the hotel industry. As further proof of leisure travel booming, a hospitality survey at the end of the year in 2022 found that 89% of those surveyed planned one vacation that year and 24% had 3 or more planned, (De Peuter-Rutten, n.d.).

Currently, for the first time since pre-pandemic times, revenue per available room (RevPAR) recovery is exceeding expectations. However, labor shortages are creating challenges for hotels to run at full power. To meet these challenges, hotels are adjusting amenities they offer, increasing their reliance on technology and outsourcing.

According to IBIS World, in 2022, "the market share size, measured by revenue, of the hotels industry was 224.9bn. The market size of the hotels and motels industry increased by 20% in that same year," (IBISWorld - Industry Market Research, Reports, and Statistics, n.d.).

According to IBIS World, the main factor currently affecting growth of the hotel industry on the United States is inbound travel by non-U.S. residents and a "medium-low growth risk score." The biggest opportunity for growth for the U.S. hotel industry is consumer spending. When consumers have more disposable income to spend, they travel more. When they don't have the disposable income, they spend less on travel. In fact, it's probably one of the first things to go. Consumer spending is expected to increase in 2023, therefore creating a growth opportunity for the hotel industry," (IBISWorld - Industry Market Research, Reports, and Statistics, n.d.).

Financial Analysis Proposal: TRU by Hilton

According to Stories by Hilton, for the third quarter in 2022 net income was $346 million, exceeding the high end of guidance. Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) was $732 million, exceeding the high end of guidance. System-wide comparable RevPAR increased 29.9 percent, on a currency neutral basis, compared to the same period in 2021, (Geheren, 2022).

Key Data Financial Analysis

Economic conditions:

Forecast: According to Hilton, “full year 2023 net unit growth is expected to be between 5.0 percent and 5.5 percent. Full year 2023 system-wide RevPAR is expected to increase between 4 percent and 8 percent on a comparable and currency neutral basis compared to 2022; full year net income is projected to be between $1,382 million and $1,454 million; full year Adjusted EBITDA is projected to be between $2,800 million and $2,900 million. Full year 2023 capital return is projected to be between $1.7 billion and $2.1 billion,” (Hilton, 2023).

The Hotel Market

Forecast: Growth

In 2020, due to the pandemic, the hotel industry was nearly on the brink of collapse. In 2023, thanks to the resilience, ingenuity, and ability to pivot of hotel chains across the U.S., hotels are poised to enter a new era in the way they operate. However, even with their adaptability hotels still face challenges such as staffing shortages and economic factors including inflation and borrowing costs replacing COVID as top concerns.

According to the AHLA (American Hotel and Lodging Association), the U.S. hotel industry is projected to achieve a promising 1.3 billion occupied room nights in 2023, slightly exceeding 2019's total. The current projection is a 56.9% improvement over 2020's low of 831.64 million occupied room nights during the pandemic. From 2021 to 2022, U.S. hotel demand improved by 11.1%. Occupancy is slowly but surely heading toward full recovery. (AHLA, 2023)

In 2022, it was anticipated that it would be an uneven and volatile year for hotel recovery. At the start of the year, concerns of new Covid variants and potential outbreaks caused a decrease in travel demand, especially with the postponement of the return of conferences and conventions of group business. During that same time, supply chain issues and staffing shortages threatened to disrupt

hotel operations and service levels. During all these challenges with remote work common place, a rise of bleisure (business and leisure) travelers and digital nomads (remote workers who used their flexibility in location to explore new destinations) saw a huge shift in consumer attitudes and behaviors. This caused 2022 to become known as the year of the “new” traveler.

U.S. hotels met the challenge and catered to these new travelers evolving travel preferences and in doing so the hotel industry almost recovered to pre-pandemic numbers.

Product Life: Changing

There are four distinct stages in a product's life cycle. These stages include introduction, growth, maturity, and decline. A brand usually incurs higher marketing costs when introducing a new product to the market but also experiences higher sales as that product is accepted and adopted by consumers. (Kopp, 2023)

The typical hotel life cycle occurs over a 7-to-10-year basis. Money becomes available to lend, new hotels are constructed then, occupancy levels inevitably decline as these new hotels are absorbed into the market, (Buchanan, 2017). TRU by Hilton will try to increase longevity by evolving to meet and exceed the Gen Z consumer’s wants and needs. Gen Z is still young so over the next decade, these consumers will be getting married and having children so their needs may change. TRU by Hilton plans to evolve with Gen Z.

Pricing Strategy:

TRU by Hilton uses value-based pricing strategy while keeping in mind it’s competitor’s pricing. Value based pricing is based on the fact that products and services can only cost as much as consumers are willing to pay for that product or service. TRU offers maximum value for a minimum price by taking into consideration what its target demographic is looking for in a hotel and then providing that at a budget-friendly price.

Value-based pricing takes into consideration these three things:

1. How much consumers are willing to pay for a hotel room.

2. Customers are willing to pay more for a room if they appreciate the benefits that the hotel provides therefor raising the perceived value.

3. What other similar hotels are charging will influence how valuable travel consumers perceive a hotel to be.

Value-based pricing works great for TRU by Hilton because their target demographic are Millennials and Gen Z who not only appreciate a great deal but value the minimal but meaningful vibe of TRU. According to Forbes, "Tru by Hilton is designed to appeal to younger, tech-minded, design-savvy travelers on a budget, with rates about $90 to $100 per night," (Bender, 2016). Pricing should not need to increase, as the product is not new and already priced very reasonable to appeal to Millennials. The product is already in existence, we are only pivoting in the direction of the target demographic.

The forecasted prices for products have been created as follows:

When Hilton introduced TRU by Hilton, it was already focused on appealing to Millennials. This is why the brand chose to bring all the next-generation hospitality trends to one cost-effective platform. In 2016, at the inception of TRU, Hilton was already focused on luring the youngest travelers into their Hilton HHonors program, (Oates, 2016) but in 2023 the youngest travelers are Gen Z. Normally, high end hotels see less than 1% growth in occupancy and less than 5% growth in revenue per available room. However, midscale chains average roughly a 2% growth in occupancy and a substantial more than 6% growth in revenue per available room.

Competitive Pricing:

Room rates are estimated to run on average $90-$100 making them more cost effective and budget friendly to young travelers than their competitors. For reference:

La Quinta in Chicago, IL for 2 guests today, prices can range from $104- $269 per night.

Fairfield Inn in Chicago, IL for 2 guests today, prices can range from $200 - $320 per night.

Comfort Inn in Chicago, IL for 2 guests today, prices can range from $ 97- $127 per night.

Pricing Formula:

One reason a hotel like TRU didn't exist at the midscale price point before it's 2016 creation is because these hotels are often created by more upscale brands who can't afford the maintenance of these budget friendly midscale properties and those properties got downgraded to economy chains. TRU avoided this situation by making sure these properties were cheaper to build and maintain. According to Mashable, "The typical hotel will have 98 rooms and sit on 1.5 acres of land. It will cost $84,000 a room to build, excluding land. Compare that to Hilton's Hampton Inn brand: Those typically have 130 rooms, sit on 2 acres, and cost $110,000 a room to build," (Plautz, 2021). According to Hilton CEO Chris Nassetta, Hilton knows that the target demographic is young travelers, but the goal is to, "Get them loyal to our system and trade up as they move on in their lives."

If it costs $84,000 a room to build and there are typically 98 rooms in each TRU property, it costs $8,232,000 to build each property. Each room will need to generate a minimum of $84,000 a year (an average of $230 a night) in sales to breakeven in that first year. However, as each room costs $90- $100 per night to rent, at $90 per night, in one night, a fully booked TRU property can earn $8,820 which means in one year that TRU property could earn $3,219,300. At

$100 a night, those same 98 rooms can earn a whopping $3,577,000 a year. Breakeven for build at $90 a night would be 2.6 years. At $100 a night, breakeven wouldn't be covered for 2.3 years. If the lifecycle is 10 years for a hotel, most earnings after that initial 2.5 years would be profit.

International Pricing Strategy:

Currently, TRU by Hilton only has properties in the United States and Canada with plans to expand into the Caribbean and Latin America, with a new regional prototype and hotel developments in Brazil, Costa Rica, Dominican Republic, Mexico and Puerto Rico. To price internationally, TRU will have to take into consideration the disposable income and average income of the locals, as well as the culture and people's attitudes towards hotel stays and current rates of other competing brands in those locations. It will also be critical to be sure that stay prices are converted to the local currency using the current exchange rates. For example:

Mexico: 1 USD = 17.40 pesos

Dominican Republic: 1 USD = 54.60 pesos

Brazil: 1 USD = 4.96 Brazilian real

Ethical and Legal Considerations with Localized Pricing Strategies:

Localized pricing strategies is legal and effective in driving sales. It doesn't make sense to treat all regions the same because each geographical location (especially international locations) has different cultures, priorities, economic situation, costs of living and exchange rates. To do business internationally, you must consider each country as an independent market because it is. Pricing cannot be a one size fits all situation. Pricing in the U.S. may not be feasible in a developing country, nor would it cost the same to produce and maintain the property and all of that needs to be taken into consideration.

Pricing Discounts and Promotions

Discount pricing should be implemented for bookings after 4 pm the day of stay, to sell the rooms and fill the property with lowest prices happening after 8 pm on the day of the stay. Promotional rates are usually offered during times of low occupancy periods (off season) to all guests to promote occupancy. There are other pricing promotions like early bird rates, stay for more days and pay less per night. To entice consumers these special rates may also added incentives and amenities such as free Wi-Fi, free breakfast buffet, free tea and coffee, etc.

Additional Costs: Upgrades

At TRU by Hilton, there are no hidden costs. The only additional cost a consumer might incur is purchasing items from the market in the lobby. There is normally not a charge for parking, Wi-Fi or a resort fee and if there is this can be offset by becoming a Hilton rewards member (which is free).

Channels of Distribution

Options for channels of distribution for TRU by Hilton include the typical hotel industry methods including a mix of direct web channels (i.e., the hotel's website, phone, email, Live chat or Messaging services), indirect channels (i.e., online travel agents), Global distribution systems (i.e., a network allowing travel agents to access hotel inventories and sell rooms to their clients) and wholesalers.

I. TRU by Hilton Budget

Future Expendatures & Capital Investments:

Estimate of Costs to Establish the Franchise. Estimated initial investment TRU by Hilton Hotel (98 rooms)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Application Fee (Note 1)	$75,000	Lump sum	With Franchise Application	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Product Improvement Plan (Note 2)	$0 to $7,500	Lump Sum	Before we prepare PIP	Us
Market Study (Note 3)	Varies	As arranged	As arranged	Supplier
Environmental Assessment (Note 4)	Varies	As arranged	As arranged	Supplier
Real Property (Note 5)	Varies	As Arranged	As Arranged	Seller
Construction and Leasehold Improvements (Note 6)	$4,860,000 to $7,200,000	As Arranged	As Arranged	Contractors
Designer And Engineering Fees	$135,000 to $360,000	As Arranged	As Arranged	Suppliers
Furniture, Fixtures and Equipment (Note 7)	$900,000 to $1,800,000	As Arranged	Before Opening	Approved Suppliers
Inventory and Operating Equipment (Note 8)	$90,000 to $180,000	As Arranged	Before Opening	Suppliers
Signage (Note 9)	$15,300 to $67,500	As Arranged	Before Opening	Suppliers
Computer Hardware and Software (Note 10)	$45,720 to $107,700	As Arranged	45 days before opening	Affiliate or Supplier
Guest Internet Access Program (Note 10)	$60,500 to $75,500	As Arranged	45 days before opening	Affiliate or Supplier
Delphi Sales and Events System (Note 10)	$2,500 to $15,000	As Arranged	As Incurred	Supplier
Required Pre-Opening Training (Note 11)	$7,500 to $17,500	As Arranged	As Incurred	Us and Suppliers
Accessibility Consultant Fee (Note 12)	$2,500 to $10,000	Lump Sum	On Request	Us or Supplier
Construction/ Renovation Extension Fees (Note 13)	$0 to $10,000	Lump Sum	When Requested	Us

Organizational Expense (Note 15)	$50,000 to $103,000	As Agreed	As Agreed	Suppliers
Permits and Licenses (Note 16)	$45,000 to $135,000	Lump Sum	As Arranged	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Miscellaneous Pre-Opening and Project Management Expenses (Note 17)	$90,000 to $270,000	As Arranged	As Arranged	Suppliers
Contingencies (Note 18)	$486,000 to $684,000	As Incurred	As Agreed	Suppliers
Additional Funds (Note 19)	$50,000 to $250,000	As Arranged	Before Opening	Suppliers
Other Required Pre-Opening Services Fees (Note 20)	$1,500	As incurred	Before Opening	Us
Total (Note 21)	**$6,916,520 to $11,436,700** THESE FIGURES DO NOT INCLUDE REAL ESTATE , MARKET STUDIES, INSURANCE, INTEREST OR SEPARATELY IDENTIFY THE COST OF IMPROVEMENTS UNDER A CONVERSION, RE-LICENSING OR CHANGE OF OWNERSHIP LICENSE.			

(Hilton Hotel, 2019)

Operating Budget (Monthly)

- **Annual Sales Revenue and Profit Forecasts:**

Hilton projected that its annual profit forecast would increase after third-quarter earnings exceeded conservative estimates. This is due to travelers being eager to hit the road again after slowly coming out of the pandemic. Americans are choosing to spend more money on travel despite rising costs and inflation. This is probably in part due to the surge of bleisure travel and remote work arrangements. Why work in your dreary home office when you can do the same work from Costa Rica? This will likely extend travel season beyond the typical times.

According to Hilton CEO Christopher Nassetta, "The third quarter marked an important milestone in our recovery as system-wide RevPAR exceeded the same period in 2019 for the first time since the pandemic began," (Nieto, 2022).

End of the year quarterly earnings for Hilton, showed that the net income for 2022 was somewhere between $1.22 to $1.24 billion, an increase from the prior projection of $1.15 billion to $1.22 billion.

According to Fox News, “Hilton also changed its earnings per share for 2022 to between $4.46 and $4.54 compared to its prior forecast of $4.21 and $4.46. Hilton's third-quarter profits rose by 44% at $1.31 per share, exceeding expert estimates of $1.24 per share,” (Nieto, 2022).

Sales Revenue Targets:

According to Hilton’s Q1 2023 Earning Release, “full year 2023 system-wide RevPAR is expected to increase between 8 percent and 11 percent on a comparable and currency neutral basis compared to 2022; full year net income is projected to be between $1,331 million and $1,385 million; full year Adjusted EBITDA is projected to be between $2,875 million and $2,950 million. Full year 2023 capital return is projected to be between $1.8 billion and $2.2 billion,” (Hilton, 2023).

According to Macrotrends, “Hilton Worldwide Holdings annual revenue for 2022 was $8.773B, a 51.57% increase from 2021. Hilton Worldwide Holdings annual revenue for 2021 was $5.788B, a 34.39% increase from 2020,” (*Hilton Worldwide Holdings Revenue 2011-2023 | HLT*, n.d.).

As the TRU by Hilton brand is already in existence and not a new product, we are just refocusing who the target demographic is there is no need to provide projected year 1, 2 and 3 target, profit or breakeven sales.

- **TRU by Hilton Market Share and ROI**

According to CSI Market, Hilton achieved an ROI of 10.39 % in its first quarter of 2023, this is above Hilton's average return on investment of 7.97%. Hilton's investments during the 12 months ending in the first quarter of 2023 are valued at $12 billion. This is an improvement of ROI compared to 2022's fourth quarter. Hilton's market share in the 12 months ending in Q1 of 2023 was 10.17%, (*Search for Shares, Industries, News and Economic Indicators - CSIMarket*, n.d.).

TRU by Hilton Strategic Goals

The main goal of TRU by Hilton was to grow and expand TRU by Hilton's hotels to local, national, and international Gen Z customers serving both personal and corporate needs with the goal of obtaining a profit and becoming the go-to hotel chain for Millennial and Gen Z consumers in 2 years. TRU is already the go-to midscale hotel for those with a Millennial mindset. Now, we want to include Gen Z in the TRU target demographic. The hotel is already set up for success in the Millennial demographic. To entice Gen Z travelers, we need to give them what they want and care about, authenticity, sustainability, all things internet, and travel experiences.

Here is some goals TRU by Hilton would like to implement going forward to appeal to Gen Z travelers:

- Provide locally sourced food and snacks on site by creating a rooftop fruit and vegetable garden.
- Provide recyclable aluminum drinking bottles with the TRU by Hilton branding on them and water stations on property to fill up. This will cause less waste while at the same time giving the guests something to feel good about plus, they'll proudly reuse those water bottles in public providing TRU with very cost-effective word of mouth marketing.
- Lastly, reduce plate size at breakfast buffet and make sure that guests know they can go back as often as they want. This will reduce food waste.

TRU by Hilton uses value-based pricing while keeping in mind it's competitor's pricing. As I've mentioned previously, TRU is already in existence, so we know the pricing model works. While there will be some initial investments needed to pivot to be a more sustainable establishment, the upgrades could easily be covered by a slight increase in cost of the rooms. This will allow TRU to cover the costs of sustainability while still staying competitively priced. Gen Z travelers most likely wouldn't mind the minimal price increase in the pursuit of sustainability. In fact, the sustainability is a selling feature to Gen Z, so well worth the slight increase in price.

Integrated Marketing Communications Plan

To compete with local, national, and global midscale hotels, TRU by Hilton will need a comprehensive integrated marketing communications (IMC) plan. As TRU shifts its focus from targeting just Millennials to include Gen Z (Zoomers), serving individual travelers, family travelers, bleisure and corporate travelers, domestically and globally, I've created a plan that reaches the right market at a reasonable cost.

Target Audience

Hotel stays are usually booked for romantic getaways, celebrations, relaxation, family vacations, staycations, business travel or just as a stop to rest on your way to another destination. According to Hospitality.net, “Just over half of Gen Z adults (52%) are frequent travelers, meaning they took at least three leisure trips in the past year. That share is significantly larger than it is for higher-earning Gen Xers and baby boomers, and it’s on par with millennials, who are currently the focus of the industry,” (morningconsult.com, 2023). Our target demographic going forward will continue to be Millennials with a new focus on Gen Z.

Currently, TRU by Hilton has focused its efforts on Millennials and it has been very successful with that generation. According to Growjo.com, “TRU by Hilton's estimated annual revenue is currently $297.6M per year,” (Growjo, n.d.). With Gen Z having an estimated spending power of $360 billion, they already make up for 40% of global customers, (Author, 2022). Gen Z Is the future of hospitality consumerism.

Gen Z is very tech savvy and budget conscious. Digital check-ins, smart keys, app-managed housekeeping in hotels is a breeze for them. They are all about authenticity, sustainability, and experiences (traveling often and enthusiastically). They are lower income, more diverse and more urban than their previous generation’s counterparts. In fact, 61% of Gen Zers took three of more leisure trips last year with an annual household income of less than $50,000 which means, they are not waiting until they feel financially ready like previous generations but finding ways to make it work within their budget. This is definitely a good thing for TRU by Hilton because we can meet that midscale needs of Gen Z travelers.

Gen Z prefers their reviews from influencers. This generation of travelers has a lack of trust in industries and institutions, so the key to winning their business going forward is by growing a relationship built on trust now.

The promotional activities are all geared toward attracting Gen Z to visit and stay at TRU by Hilton. One way to know if the IMC plan that I'm recommending is the appropriate one is by tracking the costs. For example, what is the cost of getting the campaign up and running and ensuring that it appeals to Gen Z travelers? What is the investment in online and digital components (promotion costs, costs of images and designs and staff time) used to implement the campaign? The cost of all these components combined is the investment TRU has invested into the campaign.

To know if the IMC plan is appropriate, we need to track a range of metrics. KPIs for TRU by Hilton can include how many ad views, pageviews, engagement, how many click in and how that translates into stays. ROI can be calculated by taking sales and dividing by the cost of TRU by Hilton's marketing budget ($5, 263, 178).

Communication Challenges

Gen Z not only spends money differently than previous generations, but they also communicate differently. These first true digital natives have never known a world without the internet, and they are not good with waiting or things that require too much attention. They've been playing, living, working, socializing, and studying online from day 1. They've had mobile phones, social media, and e-commerce for their entire lifetimes.

Gen Z is all about authenticity and the truth. They are completely comfortable searching for information, fact-checking and cross-referencing data sources to find the truth so when you are communicating and marketing to Gen Z, you must be as forthcoming and transparent as possible. This is one reason WOM marketing, UGC and influencer marketing are very effective with this generation.

Positioning strategy

Our positioning strategy is a unique value proposition (UVP) strategy. What makes TRU by Hilton special is that it takes into consideration everything that Gen Z is looking for in a hotel stay including sustainability and gives it to them at a reasonable and budget-friendly price. Allowing them to travel as much as they'd like without having to wait and save up for years just for the hotel stays. This is appreciated and endearing to Gen Z, especially when they hotel itself feels like it was built with Gen Z in mind.

Major Competitors of TRU by Hilton

TRU by Hilton is considered a midscale hotel and currently can be found at 249 locations in the United States and 2 in Canada, with several more planned globally. TRU Hotels are made specifically with younger travelers in mind with lower priced room rates and modern tech conveniences, perfect fort Gen Z. This brand of Hilton hotels is modern, minimalist with a social vibe and the young traveler in mind. Offering interactive, semi-private workspaces, game rooms, multimedia areas plus a 24/7 market where guests can grab snacks, coffee and other beverages and light bites all fits the Gen Z lifestyle. The major competitors to TRU by Hilton are La Quinta, Fairfield Inn and Comfort Inn.

Gen Z spends a lot of time on social media, after all they are digital natives, and that's great news for TRU because Hilton has a large following on Instagram (Hilton Hotels and Resorts 376K + Hilton 169K followers), TikTok (305.8K followers), Facebook (680K followers), YouTube (319K subscribers) and Snapchat in comparison to their competitors. In addition to that, TRU by Hilton specifically has its own following on Instagram (8918 followers) and a Facebook following of 17,234.

La Quinta Inn by Wyndham has the following followers on Instagram (9891), TikTok (208), YouTube (6.25K) and 153,169 on Facebook. Fairfield Inn by Marriott has a 551K followers on Instagram account with 368,095 followers on Facebook but no account on TikTok. Comfort Inn has 2037 followers on Instagram, 199 subscribers on YouTube with no mention of Snap Chat or TikTok on their site but a hefty 445,781 following on Facebook.

Communication channels

According to Hopper, "TikTok, YouTube, and Instagram are the best platforms to reach Gen Z. These are the platforms where they spend most of their time. You can also use CRM (customer relationship management) tool with marketing automation to send personalized emails in bulk with video content to increase the subscriber base," (Moursi, 2023).

Knowing that Gen Z wants authentic, funny, and relatable content that celebrates individuality and self-expression, they also relate to influencers who are like themselves while adding value to their lives. They don't want to be "sold to", they want recommendations from trusted resources. When marketing to Gen Z, you need to keep in mind the values that are appreciated by them like authenticity, inclusivity, diversity, sustainability, and connection.

The key elements to be used are advertising, direct marketing, public relations and events and experiences.

Advertising

For TRU by Hilton, targeted ads on social media via Instagram, TikTok, SnapChat, Facebook, YouTube, blogs and on streaming video services and live television would be effective in reaching the target demographic.

Authentic and Sustainable Messaging: Gen Z is passionate about social and environmental issues. Highlight TRU by Hilton's sustainability efforts, such as energy efficiency, waste reduction, and eco-friendly practices. Incorporate messaging that resonates with their values, emphasizing your commitment to ethical sourcing, community engagement, and responsible travel.

Direct Marketing

Direct marketing consists of any marketing that relies on direct communication or distribution to individual consumers, rather than through a third party such as mass media. Mail, email, social media, and texting campaigns are among the delivery systems that can be used.

Social Media Marketing: Gen Z heavily relies on social media platforms like Instagram, TikTok, YouTube and Snapchat. To reach them effectively, develop engaging content that highlights the unique features and experiences offered by TRU by Hilton that appeals to Gen Z, such as affordable accommodations, communal spaces, and vibrant aesthetics. This could be done by collaborating with social media influencers popular among Gen Z to amplify our message. This could include TikTok campaigns and live streaming campaigns on Instagram, Facebook, and YouTube would also be very effective at reaching and engaging Gen Z while bringing their attention to all that TRU has to offer. For promotional purposes, fun snapchat filters could be created and used by users while on property.

Events and Experiences

Experiential Marketing: Create immersive experiences that appeal to Gen Z's desire for unique and memorable moments. Consider hosting pop-up events, partnering with local artists, or organizing experiential activations within the hotel that align with Gen Z interests, such as live

music performances, interactive art installations, or wellness workshops. Sponsorships (events and experiences) typically refer to financial support for events and venues.

Influencer Partnerships: Collaborate with Gen Z influencers who align with TRU by Hilton's brand values and target audience. Engage them in creative ways, such as hosting influencer-led events or providing exclusive experiences. This can help generate buzz and create authentic connections with Gen Z consumers.

For example, a Gen Z 3-day media trip with TRU hosting 50 trusted Gen Z influencers of varying demographic backgrounds doing fun things like hiking, kayaking, biking, rock climbing before returning to their TRU hotel room. This will generate an interest and content across multiple platforms set to a beautiful background with popular Gen Z influencers who readers already trust and care about.

Other techniques in influencer marketing such as product placement (advertainment), digital storytelling and sponsored campaigns that bring TRU by Hilton to the targeted audience directly via word of mouth (WOM) testimonials by well-known Gen Z influencers who have stayed on property and could share TRU via hosted stays, giveaways, and contests, as well as consumer generated content via use of the hashtag on social. Influencers could encourage their audiences to share their own TRU travel experiences via paid campaigns that stipulate high engagement. Sponsorships enhance a company’s image and often can generate public relations.

Public Relations

Public relations (PR) involve communication designed to help improve and promote an organization’s image and products. Public relations materials can include TRU by Hilton

press releases, publicity, and news conferences to introduce the brand to the public using the hashtag #TRU4GENZ.

User-Generated Content: Encourage Gen Z guests to create and share their own content featuring their experiences at TRU by Hilton. This can be done through contests, hashtags, or by creating designated spaces within the hotel where guests can capture and share moments. Showcase this content on the TRU website and social media channels to build authenticity and trust amongst potential Gen Z travelers.

Mobile-Friendly Experience: Gen Z relies heavily on mobile devices for travel planning and bookings. Ensure that the TRU website and booking process are optimized for mobile devices, with a user-friendly interface and fast-loading pages. Consider going the extra step and developing a mobile app that offers exclusive deals and rewards for Gen Z guests.

These components will be the most effective because in an increasingly more digital savvy world, consumers want to feel more connected to one another so meeting them where they play, work and live will feel more authentic. By giving the consumer insight we give them the power and informed capability to choose for themselves. It's all about the delivery now and how it makes the consumer feel about choosing that product.

This is just the starting point. Remembering to track and measure the effectiveness of the IMC plan through analytics and feedback mechanisms, will allow us to refine our strategies and better engage with Gen Z over time.

According to Media Radar, Hilton worldwide (made up of 19 distinct hotel brands and over 7000 properties) spent "over $100 million on advertising in digital, print, and national TV in the last

year. They invest in premium ad units and advertise on over 250 different Media Properties in the last year across multiple Media formats," (*Hilton Worldwide*, n.d.). If that were broken down equally across each brand that would be a yearly ad spend of $5, 263, 178 per brand.

As we know that TikTok is where Gen Z is at TRU needs to have a presence there. However, TikTok ads are more expensive than Instagram and Facebook starting at $10 per CPM (cost per 1000 views). TikTok also, requires you to spend a minimum of $500 per campaign. Previously, that meant partnering with a TikTok influencer but now there are more options aside from just influencer collaborations like promoting your own TikTok channel, TikTok challenges, sharing TikTok content on other platforms. TikTok' also has a paid ad program which includes native in-feed ads (15 second ads that appear naturally in users' feeds), brand takeovers, hashtag challenges and branded lenses. According to influencer marketing hub, "Experienced marketers who have used native TikTok ads suggest, that you should budget at least $500 for even a simple campaign. One marketer goes as far as to suggest that you should be prepared to pay $50,000 to $120,000 to run ads on the platform," (Geyser, 2023).

YouTube has a whopping 2.1 billion monthly logged in users and is second only to Google in search use. As Gen Z are digital natives, it makes sense to advertise on a platform where they are consuming a lot of their entertainment and information. YouTube ads have an average cost-per-view of $0.010 – $0.030. According to Influencer Marketing Hub, "The average cost of reaching 100,000 viewers is around $2,000," (Geyser, 2022). Options for advertising include in-feed video ads, skippable video ads, non-skippable video ads, bumper ads and overlay ads.

Instagram is part of the Facebook ads platform. If you're trying to reach Gen Z, your advertising dollars are better spent on Instagram versus Facebook. Usually, Instagram ads have a higher clickthrough rate as Instagram has higher engagement rates. You can expect to pay somewhere

between 20 cents and $2 per click (CPC) on an Instagram campaign. Native ads have the best ROI. Instagram formats to choose from include carousel, single image, single video, slideshow, Instagram stories single image or stories single video.

Success can be monitored by watching key performance indicators (KPIs) throughout implementation. KPIs that can be used to measure success of this strategy and the campaigns associated with it are as follows:

Social Media Advertising Metrics

Impressions

To know whether or not your content is being seen whether clicked into or not. This will allow us to know whether the content is engaging and effective in reaching Gen Z or not.

Pageviews

Pageviews let you know who has seen your post or video content and whether they clicked over to the website landing page or not.

Return visitors

Repeat visits informs you of who has visited the content and the page it lives on more than once.

Engagement

Engagement can be measured via social monitoring paying specific attention to likes, follows, comments, shares, retweets/ reposts and negative and positive comments.

Cost Per Click (CPC)

This will help you assess how much is cost to convert a visitor to a consumer. CPC can be calculated by taking the total cost of the ad and dividing it by the total number of clicks on your content.

Customer Acquisition Cost (CAC)

This is how much is cost the company to convert a viewer to a subscriber, follower or consumer. This can be calculated by dividing all sales and marketing costs by the number of new Customers acquired within a specific period.

Direct marketing Metrics

Success can be gauged by monitoring open rate (if the email or SNS is opened), bounce rate (how long a visitor stayed on the page. This also indicates whether or not the visitor found the information they were looking for or useful), click thru rate (CTR) indicates how many clicks on link over impressions, subscription rates (how many people subscribe to the content and want more), unsubscribe rates (indicated who no longer wants to receive your direct marketing efforts).

Public Relations Metrics

Media Mentions

This can be any mention of a brand's name, message or campaign and can be measured via media monitoring i.e., online news, print news, broadcasts, podcasts, newsletters and social media.

Share of voice (SOV)

This metric will help you determine how your brand is performing against competitors. SOV can be measured using organic keywords, impressions, reach, revenue, mentions, hashtags and etc. Formula to calculate SOV: brand metric/ total market metric x 100.

Social media engagement

This measures the action that visitors take after seeing a post. This can be measured in likes, shares, comments, clicks, retweets and mentions. To calculate engagement rate on Instagram, divide total engagement (likes and comments) per post by total followers and multiply by 100.

Sentiment analysis

Sentiment is the tone of the mentions of the brand. It can be positive, negative or neutral. This metric can not only provide insights of how successful your campaign is but gauge the quality of the mentions, demonstrating brand impact. This can be measured via assigning a scoring system on engagement and calculating the average or using AI to conduct a sentiment analysis, which automatically detecting emotions through text, (Knollmeyer, 2022).

Impressions

Impressions refers to the total audience reached. However, this does not measure quality only quantity which is useless if it's not reaching the right target demographic.

Website traffic

It's important to track number of visitors who clicked over to the website from link placement and PR coverage. KPIs to be tracked can include unique visitors, bounce rate, unique page views and referrals from target media publications. Website traffic can be monitored using Google Analytics. Just keep in mind that quantity of visitors don't always mean quality. A better sense of what's working can be gathered my monitoring engagement.

Events and Experiences

Event attendance

Who said they were showing up? Count sold or registered tickets and this will let you know who was anticipated to be attending.

Acquisition

Who actually showed up? Compare sold or registered tickets against day of check-ins.

Attendee satisfaction

Illicit post event surveys and social media monitoring of mentions and the sentiments of comments and engagement before, during and after the event are great ways to gauge if attendees are satisfied with the event.

Audience demographics

Inviting the right ambassadors to reach your target demographic is very important. If you want to reach and engage Gen Z, you need influencers who Gen Z knows, respects and cares about their opinion otherwise you've targeted too generally and the event is a failure to convert the right consumers.

Return on Investment (ROI)

Every action in your strategy should be at the benefit to the company since it is at the cost of the company. Monetary return is one of the biggest components of ROI. To accurately measure ROI, add all the costs of event organization including the cost of the venue, catering, speakers, software, beacons, promotion spending, etc. Next, calculate all the financial benefits that was gained by hosting the event. Compare the two values and that is your ROI.

The demographic research has been done. We know where Gen Z lives, works, and plays. We want to be where they stay. We are taking this research and meeting Gen Z where they are on social media (YouTube, Snap Chat, TikTok and Instagram), where they are streaming their shows and their music. We need to be in front of these digital natives at all times so when they begin to plan their travel, they will have just seen or heard a TRU by Hilton advertisement.

Below is a sample paid Instagram ad post and caption:

Caption: Ready to experience the TRU difference? Whether you're traveling for business or pleasure, TRU by Hilton has got you covered. Visit our website or download our mobile app to book your stay at TRU by Hilton. Get ready to explore, connect, and create unforgettable memories in a vibrant and welcoming environment designed especially for you, the Gen Z traveler. Our prime locations put you right at the heart of the action, making it easy for you to immerse yourself in the local culture, art scenes, and culinary delights. From thrilling urban escapades to breathtaking natural wonders, discover the world and make memories that will last a lifetime. TRU by Hilton—where modern meets comfort! #TRU4GenZ #travel #travelgram #itsallaboutthejourney #travelphotography #instagood #wanderlust #adventure #explore



Implementation

To grow and expand TRU by Hilton's hotels to local, national, and international Gen Z customers serving both personal and corporate needs with the goal of obtaining a profit and becoming the go-to hotel chain for Millennial and Gen Z consumers in 2 years. According to Hilton Worldwide report, Hilton spent over $100 million on advertising in digital, print and

national television in 2022. Divide that by the 19 hotel brands and that means the annual marketing budget for TRU by Hilton would be somewhere around $5, 263, 178. Over the 2-year time period that we have set as our goal, the total allotted budget for marketing would be $10,526,316. Strategy development would begin in May of 2023 with implementation beginning in June.

Before beginning any marketing, we first need to do in depth keyword and target demographic research. Then, we need to present our marketing strategy in a way that is specifically appealing to Gen Z travelers while keeping in mind what is important to these digital natives.

- Prefer WOM and UGC marketing and their reviews from trusted influencers.
- Want instant access and engagement.
- Tech savvy and spend a lot of time online.
- Budget and socially conscious.
- Very educated.
- Most diverse generation yet.
- Value the truth and authenticity.
- Love to travel.
- Protective of work life balance.
- Value sustainability and equality.

Timeline:

Task		Date
SEO/Keyword research and strateg...		May 1
Develop mobile app that offers exc...		May 1
TRU by Hilton press releases: Intro...		May 8
Influencer campaign		Jun 5
News conferences to introduce th...		Jun 6
YouTube ad		Jun 13
SnapChat ad		Jun 13
Email campaign		Jun 13
Digital Advertising		Jun 20
Direct Marketing		Jun 22
Events and Experiences		Jun 24
Facebook ad		Jun 24
Instagram Ad		Jun 27

TikTok ad		Jun 27
Streaming music ad		Jun 27
Influencer partnerships : Gen Z tra...		Jun 27
Steaming TV ad		Jul 10
UCG #TRU4GENZ and SnapChat f...		Aug 1
UGC content campaign: Designate...		Aug 26
Showcase UGC on social and TRU ...		Sep 1
Experiential campaign: yoga in the ...		Sep 3
Advertainment placement in popul...		Sep 19
Instagram Influencer takeover		Oct 1
Experiential campaign: live music a...		Oct 15
TikTok influencer takeover		Oct 22
Live streaming campaign TikTok		Nov 16
Live streaming campaign Instagram		Dec 1
Experiential marketing campaign		Dec 2
UGC contest: Most popular conten...		Dec 25
Live streaming campaign YouTube		Jan 8, 2024
Experiential campaign: interactive ...		Jan 21, 2024
Live streaming campaign FB		Feb 2, 2024
SNS campaign		Feb 4, 2024

Evaluation

Advertising

Social media advertising is cost effective and has a potential massive reach to meet Gen Z where they live and breathe online. Success can be monitored via social media insights and analytics

and easily tracked back to the source of which the conversion was made whether that be online via social media, blogs, or from streaming services.

Direct Marketing

Since direct marketing (mail, email, social media, and texting campaigns) consists of marketing that relies on direct communication or distribution to individual consumers, success can be monitored by tracking engagement on socials, click ins from CTAs on content creator/influencer platform posts, opened emails and texts and UGC via the use of the campaign hashtag.

Public relations

Public relations materials can include TRU by Hilton press releases, publicity, and news conferences to introduce the brand to the public using the hashtag #TRU4GENZ. The success of these efforts can be monitored by tracking open emails and click ins from PR emails and viewership on news conferences livestreamed on social. User-Generated content can be monitored using the hashtag. To monitor if the new mobile app is successful, we can monitor the use of the app and those who convert using the exclusive offers and rewards for Gen Z guests.

Events and experiences.

To gauge the success of creating immersive experiences that appeal to Gen Z's desire for unique and memorable moments like live music performances, interactive art installations, or wellness workshops, simply check the ROI on cost investment to host versus how many Gen Z consumers

convert and book from the event using an experience promo code. The same can be done with Influencer activations, as well as monitoring the hashtags for the event.

Processes to ensure goals are met:

- Research new target demographic- April 2023
- Begin executing marketing efforts- June 2023
- 6-month marketing strategy and review meeting- December 2023
- 1 year review and evaluation- June 2024
- 2-year review and evaluation- June 2025
- Profitability Evaluation- June 2024
- 3-year review and evaluation- June 2026

Control

Client's input in negotiating a final mix of marketing activities.

It is understandable that you might want to make some adjustments. I know the consumer. I've researched the demographic and know what works to appeal to Gen Z. I know what they want, how they want it and where they are. In depth target demographic research has been done. I know where Gen Z lives, works, and plays. TRU wants to be where they stay. We are taking this research and meeting Gen Z where they are on social media (YouTube, Snap Chat, TikTok and Instagram), where they are streaming their shows and their music. We need to be in front of these digital natives at all times so when they begin to plan their travel, they will have just seen or heard a TRU by Hilton advertisement. But you know what works at TRU by Hilton and why. You are there day in and day out. You are the hotelier expert. If you still want to adjust the marketing strategy because an activation feels off brand or simply not working for you, we can reassess in 6 months. This will give us ample time to gather analytics, evaluate ROI

and see how KPIs are measuring, allowing us to have a clearer picture of what is working and what isn't. We can then make informed adjustments to the strategy, IMC plan, budget and marketing mix if needed.

Legal & Regulatory Practices:

Here are some concrete steps to ensure that the marketing portfolio complies with legal systems, regulatory standards and ethical practices in a global context:

According to Performline, "Regulatory compliance means ensuring that all activities of an organization, including marketing, adhere to the regulations, laws, and guidelines set forth by the government that apply to the business and consumer protection. It's essential to ensure that your marketing materials are aligned with your organization's overall regulatory compliance requirements," (PerformLine, 2023).

- Regulations are constantly changing so it's imperative to stay current and compliant with new or updated regulations. Use omni-channel marketing compliance monitoring technology to monitor activities across all channels i.e., social media, email marketing, direct mailers, messages, call centers, and web pages. This technology, allows organizations to track marketing campaigns, identify compliance risks, and take corrective actions in real-time. This will ensure that the brand, image and disclosures are being used accurately and consistently across all marketing channels and materials.

- Keep compliance efforts consistent across all of consumer interaction channels.
- To be advertising compliant, always make proper disclosures on online marketing materials, follow relevant laws, regulations, and standards governing the content, placement,

and presentation of advertisements and required disclosures, and claims made about products or services.

- Always be truthful, not misleading.
- Create a standard process to streamline the compliance approval process.
- Monitor consumer complaints.
- Keep the focus on your consumers.
- Stay informed of current marketing compliance issues and regulatory trends.
- Implement a marketing compliance software.
- Working with legal and compliance teams to ensure that all content meets relevant industry regulations and laws.
- Reviewing and approving content before publishing and making sure that any necessary changes are implemented in a timely manner.

To be sure that we are staying on the right trajectory with our strategy,

- Maintaining a digital trail of all content changes and approvals and ensuring that all final versions are saved and stored in an acceptable format and location, PerformLine,2023).

Additional research

Additional research may be needed on the target demographic Gen Z if marketing strategy underperforms. We will reevaluate in December 2023 (6 months) to see if current plan is effectively performing. If not, more qualitative research may need to be done to see what is not working with Gen Z, why and what could be better.

Ethical Practices:

We are committed to following ethical marketing techniques where we commit to open, honest, transparent, responsible, and fair marketing practices including non-discriminatory hiring, pay equity and a commitment to sustainability. All marketing communications are true and factual, no misleading or exaggerated claim advertising.

Global Trends & Political Effects

The hospitality industry is greatly affected by the decisions of local government. While any political unrest in a country can harm the hotel industry's growth, political stability is good for growth.

- When there is political unrest or any kind of emergency, the country's government can impose a travel ban. A travel ban will most definitely have a direct effect on hotel industry business because hotels heavily depend on tourists in need of accommodations.
- The election of new government officials or other changes in government can be beneficial or harmful for the hotel industry. Depending on the political party, it could favor the hotel industry as supportive of the nation's economy. On the other hand, a different political party could see no added value.
- Government taxation in the hotel industry plays a crucial role, and it impacts the overall profit of the hotel. If the government decides to make tax reforms that could be beneficial to the hotel industry allowing hotels to save money in taxes. They can then invest in improvements like security systems or infrastructure development.

Another crucial factor that effects the global hotel industry is the citizens' preferences and spending habits. They can shape the society and the culture they live in. The age of the travelers

visiting also plays an important role in the selections and choices. For example:

Travelers come from different social classes and age groups. According to EdrawMax, "Millennials prefer to compare the price of the hotels and the amenities before checking into a hotel," (*Detailed PESTEL Analysis of Hotel Industry | EdrawMax Online*, n.d.) As we are now targeting Gen Z, according to Wordstream, we need to keep in mind that they are not impulsive buyers, they look for deals and they do their research on social media, (Author, 2022). Travelers often choose which hotel they'll stay in based on amenities like on property bars, swimming pools, valet, etc. Scenic views can influence which hotel a traveler chooses.

Hotels that provide tourism packages that include local events allow guests the chance to get an insider's glimpse of local culture. Taking the initiative to provide these services allow guests to immerse themselves in and get to experience local culinary fare and culture which is what traveling is all about.

The hotel industry is highly competitive, with new hotels popping up all the time. Many guests (especially Gen Z guests) book a hotel after doing extensive online research, reading reviews from influencers, or from word-of-mouth recommendations from family, friends, or peers. This makes the hotel industry very dependent on customer service and first impressions.

Environmental forces

In a world where sustainability is so important, environmental factors influence the hotel industry. More and more frequently, hotels have adopted sustainable practices to keep their hotel environment-friendly and competitive with other hotels. For example:

- According to EdrawMax, “Hotels can take measures to decrease food, water, and energy wastage. They may switch to renewable energy sources for power to reduce pollution. They can also increase the use of recyclable products to stop plastic pollution, “(*Detailed PESTEL Analysis of Hotel Industry | EdrawMax Online*, n.d.).
- Since traditional chemical cleaning products can have negative impacts on the environment, many hotels have chosen to stop using harmful chemicals and opted for more environmentally friendly, green products.
- The environment surrounding a hotel will also influence how well a hotel performs and grows. For example, obvious water and air pollution, or if the hotel chooses not to follow cleanliness standards and environmental policies, guests will likely feel uncomfortable staying at the hotel and opt to stay elsewhere.

To implement a program of ongoing environmental analysis it would be best to quarterly track trends and occurrences in TRU by Hilton’s internal and external environment via a SWOT, Pestle, and social monitoring of all TRU campaigns. This will allow TRU to have readily available, complete, and comprehensive information on hand at all times. By gathering and analyzing TRU’s environment, this will allow TRU to be aware of the strengths, weaknesses, opportunities, and threats of and to the company and its campaigns helping TRU plan and pivot for success by being ready to respond to any market changes.

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