

Going **SMOKE-FREE** for a Marketing Advantage

By Jon Boroshok

Smoking or nonsmoking has long been a hospitality third rail issue that many businesses have tried not to touch, but current market demands and legislation are making it nearly impossible to avoid a decision. Then, there are those progressive hospitality businesses that see the smoke-free option as a very good marketing opportunity.

Can a no smoking policy give a hospitality venue a basic competitive edge? If marketed and communicated correctly, it can contribute to the bottom line by bringing in new business and reducing costs. If done incorrectly, it can drive away revenue. It's all a matter of knowing who the existing and desired customers are, finding out what they really want, and delivering it to them. In the hospitality industry, the customer truly is king.

Often done ahead of legislative efforts, venues are now looking at smoke-free policies as a niche marketing opportunity, and as a way of offering what the customer wants. Tired of hearing the sounds of the ongoing battle over secondhand smoke and health protection responsibilities, the hospitality industry is beginning to look at nonsmoking from a bottom line perspective, and finding ways to cash in. It's often a tough balancing act, but it's a policy where the rewards can outweigh the risks.

Depending on geography, 70-80 percent of the North American population does not smoke. While smokers, a shrinking minority, have been very vocal and visible in defending the custom of allowing smoking, a growing segment of the once-silent majority is starting to speak up and flex its economic muscle by demanding smoke-free venues.

The hospitality industry is left having to figure out what percentage of their business comes from the smoking population versus what percentage of potential business they could gain from the nonsmoking population that has stayed away because of the smoke. Does catering to 20-30 percent of the population make more sense than catering to 70-80 percent of the population? The long-term solu-

tion requires a more complex equation.

Shel Horowitz, a marketing consultant, industry speaker, and author of six books including "Principled Profit: Marketing That Puts People First," details the idea of niching a business to a particular demographic.

Demand Drives Smoke-Free Policies at Hotels

"The nonsmoker/antismoker demographic is a very strong one, and businesses that cater to this market can present themselves as caring, customer-focused, health-conscious, and ethical," says Horowitz. "The marketing benefits of that approach are vast."

Vijay Dandapani, COO of Apple Core Hotels, heard the message loud and clear. Enough people making reservations at his company's five properties in New York City wanted nonsmoking rooms that it was time to make the decision. "We had repeated calls asking for nonsmoking rooms" says Dandapani. The chain turned their Comfort Inn Midtown into New York City's first smoke-free hotel. It was a demand-driven decision—there was enough demand by the late 1990s, well before New York City's ban on smoking in restaurants and bars.

There's been a bottom line boost too. Housekeeping can spend five to ten minutes less per room per day, resulting in lower labor costs. Carpets, curtains, and other room comforts last longer, allowing the hotel to save money and/or offer

ed smoking bans in workplaces have fueled debates about government infringement on a business' privacy, the need to protect workers, smokers' rights, and other political lightning rods, there is also a growing segment of the hospitality industry that is going smoke-free by choice, responding to the increasing demand of the free-market.

"The hotel is not turning away smokers; it's only the smoke we are eliminating," says Dandapani. "We are providing a safe, healthy, clean-air oasis for our employees as well as our guests." The company uses the nonsmoking policy as a selling tool, and prominently mentions it on its Web site.

Hotels and motels have responded to the demand by increasing the number of rooms or nonsmoking floors. Even with segregated wings or floors, ventilation systems may carry air from smoking rooms to nonsmoking rooms. Because of this problem, some lodgings have made themselves completely smoke-free. Adamant nonsmokers are quick to point out that ventilation is not an adequate solution.

Often any indoor public area is also off limits to tobacco, although bars, pools, and outdoor eating areas are frequently smoker-friendly, depending on local laws. As hotels, resorts, restaurants, and even bars prohibit smoking indoors, smokers are often relegated to pools, patios, and outdoor dining areas, making them unbearable for many nonsmokers, especially those traveling with children.

Increasingly vocal in exercising their

tality venues where they won't be subjected to any smoke outdoors as well as indoors.

The Difficulty of Dealing with a Divisive Issue

While properties have started to advertise that some of their rooms are smoking and nonsmoking, many still operate in stealth mode when it comes to dealing with this divisive and volatile issue. Some just don't know how to market themselves effectively.

"It's a no-win situation for the hospitality industry," says Andy Devine, a professor of hotel, restaurant, and hospitality management at the University of Denver in Denver, Colorado. "It's taking a stand on an issue that they don't want to touch."

Devine says it's hard to welcome guests to a hotel and then tell them they can't smoke in their rooms. This holds especially true with international guests coming from cultures where smoking is acceptable. He also says that it's harder to sell smoking rooms to nonsmokers.

What about selling nonsmoking rooms to smokers? "Even smokers don't want a smoking room. They don't want the stale smoke either," says Bonnie Best of Hotel Valencia in San Jose, California. "Most people don't want to sleep in a smoking room. The first ones to complain are the smokers."

Jay Ibarolle of the Monterey Marriott in Monterey, California agrees. "More and more customers, including smokers, are telling us they don't want to stay in a smoking room."



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nicer amenities. Apple Core even charges a premium rate compared to its comparable nearby property that does permit smoking on segregated floors. The Comfort Inn Midtown enjoys a 98 percent occupancy rate, compared to about 93 percent for the other property.

Apple Core is not alone. While legislat-

choice to avoid smoke, some nonsmokers—especially those coming from areas where they've become accustomed to smoke-free protections and policies—are becoming very demanding about where they spend their travel and leisure dollars. For reasons ranging from medical necessity to just hating the smell, they want hospi-

Best says the hotel is full every weekend, and boasts the best occupancy rate in the area. While she's not sure that can be attributed to being a smoke-free hotel, "it has not been a deterrent to business at all."

Ibarolle says that cleanliness scores have gone up overall, and that smell is one of the biggest factors affecting hotel room

satisfaction. "By going 100 percent non-smoking, we've got happier guests all around," he adds.

Unless calling the hotel and asking, there's no way to tell that some hotels are smoke-free until check-in, as it isn't mentioned on their Web site at all. That's not unusual. Some completely nonsmoking properties are not upfront about the fact that smoking is not permitted. Imagine being a smoker and first finding out at check-in that a hotel is completely smoke-free. It's not a way to win a happy customer.

A popular hotel in Charleston, South Carolina has been a nonsmoking venue since 2003, an unusual move in a tobacco-friendly state where smoking is still permitted in restaurants and bars. The hotel's Web site, however, does not make any mention of their smoke-free policies.

Smoking Policies Should be Clearly Stated

The lack of clear and forthright communications may lead to the loss of niche marketing opportunities. What about the non-smoker who is looking for a smoke-free hotel? If a property has already made the difficult decision to ban smoking altogether, shouldn't its Web site point out that smoking isn't allowed? Isn't the property leaving money on the table?

They're also not providing honest communications with their smoking and non-smoking guests.

Debbie Howarth, CHME and an assis-

that fact to potential customers that might be attracted to a smoke-free venue? The hospitality industry needs to clearly define and understand the target audience.

Keeping records of requests for smoking and nonsmoking rooms is a start, but what about looking at calls where reservations weren't booked? Are callers asked why they did not book a room? Was it because their request for a nonsmoking room could not be guaranteed instead of only "noted?" Tracking and measuring such demand led to the Comfort Inn Midtown becoming smoke-free.

"We spend a great deal of money promoting ourselves, but if we're not doing it to the right people with the right message, it's a waste," says Howarth.

The Pacific Palisades Hotel in Vancouver, British Columbia knows its customers, and sets aside ten percent of guest rooms for smokers because of a strong influx of guests from Asian countries who want to smoke. Whenever a property has a substantial amount of international business, it might be wise to keep some rooms aside, since this can be very lucrative business. If fully separated and segregated from smoke-free rooms and nonsmoking guests, it's less likely to generate complaints from either side.

"Seal off the floors! Do not under, any circumstances, have smoking and non-smoking rooms on the same floor," says Roy MacNaughton, president of MacNaughton Partners (Florida, Washington state and British Columbia).

Let people know, with carefully chosen words on the Web site, that even though there are "some" smoking rooms, they are all on certain floors, totally separated and segregated from the rest of the non-smoking environs of the hotel.

Family-Oriented Venues Ban Smoking

Hospitality businesses that tend to attract families are the most likely to take advantage of nonsmoking policies. Holiday World & Splashin' Safari in Santa Claus, Indiana, just finished their first year as smoke-free theme parks. Smoking is limited to one designated area per park, and the policy is clearly communicated on their Web site. Holiday World also issued a press release announcing the new policy, hoping to take advantage of media exposure by being the first area theme park to enact such a policy.

"A number of guests last year challenged us. They said, if you really were a family park, you wouldn't allow smoking," says president and general manager Will Koch. "We took that to heart. Families are our specialty, and so we accepted the challenge."

"The first year of the no-smoking policy was great," says Koch. "The non-smokers loved it, and we had only minimal negative issues from smokers. Attendance was up 14 percent. I don't know if I'd give the smoking policy the credit, but it is clear that the policy didn't hurt attendance."

Most major theme parks are on the leading edge of the nonsmoking trend.

Population does not smoke.

tant professor at Johnson & Wales University in Providence, Rhode Island agrees that many properties are not giving the consumer enough information for an intelligent decision. "It's our responsibility to work for our guests. We need to give them the information," she says.

Doesn't it make more sense to market

As a hospitality niche marketer, he has more than a quarter century of international hotel, food service, and hospitality industry marketing and operations experience. "This really is a no-brainer, but still you will find it in thousands of hotels. How do you tell smoke to stay where it's supposed to?"

Disneyland, Six Flags Magic Mountain, and Universal have policies prohibiting smoking near line queues, eating areas, pools and children's areas. Most post their policies on their Web sites, as well as having highly visible signage on premises.

Others are noncommittal. Hershey Park in Pennsylvania still permits smoking in the

midway, but not in eating areas or line queues. Enforcement of their smoking restrictions is lax, with occasional smokers observed lighting up at dining tables despite being in plain sight of park employees.

Imagine going as far as declaring a beach smoke-free! It's been done, successfully. Some beaches in southern California including parts of Los Angeles, San Clemente, Santa Monica, and Huntington Beach, recently went smoke-free, starting with Solana Beach in November 2003.

Assistant city manager Matt Rodriguez says the City Council banned smoking in response to storm water pollution issues, hoping to keep debris out of storm drains.

rejecting restaurants that allow smoking. This is evidenced by the strong comparable growth in Fleming's and other restaurants that do not allow smoking," says Fleming's CEO Bill Allen. "Cigarette and cigar smoke with food is no more appetizing than any other foul odor being present during your meal. Consumers enjoy smoke-free environments in all areas of their lives and are demanding this in their dining as well."

Some properties could be missing out on a great promotional opportunity based on false fears. Smoking bans in a growing group of municipalities and states have not resulted in a loss of business. Many customers who stayed away because of smoke

the population that does not smoke is saying that they don't want to be exposed to smoke anymore, nor should they be the ones who have to move if the smoke is bothering them.

Some destinations are taking the initiative and going beyond legal requirements to extend nonsmoking policies to areas that would never have been smoke free years ago. Paul Knepprath, vice president of government relations for the American Lung Association, thinks it makes sense. "People come from all over the world to do tourist things, not to smoke," he says. "Not being able to smoke hasn't hurt. Tourism is up."



Most major theme parks are on the leading edge of the non

"Discarded cigarette butts were a nuisance," says Rodriguez. "On City Beach Cleanup Days, 50-60 percent of the litter was butts." He says the ban has been successful. "More kids and families are using the beaches, and tourism has increased," he says. "Our beach is not an ash tray. This community is very health conscious. There is public support."

"Smoke free beaches are a great, positive, growing trend," says Walter McLeod of the Clean Beaches Council, a Washington, D.C. not-for-profit organization devoted to sustaining America's beaches. He pointed out that Florida and even the Carolinas are starting to zone beaches for things like surfing, fishing, and smoke-free areas. There are town beaches throughout the country, including parts of New Jersey and Massachusetts that also frown upon smoking.

Smoking Bans Do Not Result in Lost Business

The trend is also seen in areas that don't have smoking bans. Fleming's Prime Steakhouse & Wine Bar of Newport Beach, California bans smoking in all of its restaurants nationwide. The chain sees it as a competitive advantage.

"Today's consumers are continually

are now coming in and spending money.

Tax records in areas that have passed nonsmoking laws have actually reported an increase in revenues. An article in the October 2004 issue of *Contemporary Economic Policy* (<http://cep.oupjournals.org/cgi/content/abstract/22/4/520>) shows that restaurants in smoke-free cities have on average a 16 percent higher market value at resale than comparable restaurants located in smoke-filled cities. Restaurants in communities with smoke-free ordinances are more profitable, according to authors Benjamin C. Alamar and Stanton A. Glantz. The nonsmoking laws are associated with an increase in restaurant profitability.

"Contrary to claims that smoke-free regulations cause a decrease in hospitality-industry sales, this study determined that neither sales nor employment is hurt when smoke-free regulations are put in place," says Andrew Hyland, Vanaja Puli, Michael Cummings, and Russ Sciandra in a June 2003 article in the *Cornell Hotel and Restaurant Administration Quarterly* (<http://www.hotelschool.cornell.edu/publications/hraq/feature/execsummary.html?name=nysmokefree.pdf>).

Through legislation, the will of the people has been heard, and the majority of

The Gaming Industry Takes Notice

Even the gaming industry is responding to the nonsmoking trend. Todd Smith, a spokesperson for Travelers Advantage, a member travel club and full service travel agency in Nashville, Tennessee, says that casinos have started to respond to the nonsmoker. He points to separate, non-smoking poker rooms at the Golden Nugget and Orleans in Las Vegas, the Tropicana and Trump's Taj Mahal in Atlantic City, and the Foxwoods casino in Connecticut as examples of a growing trend. "In most cases, you still have to walk through the smoke first," cautions Smith.

Lincoln Park, a Lincoln, Rhode Island greyhound track and gaming facility, mentions its smoke-free gaming areas in their radio ads. About 50 percent of its gaming areas and all restaurants are smoke-free, even though exempted by Rhode Island's newly-enacted laws.

"Lincoln Park recognized long ago that many of its patrons might prefer smoke-free gaming options," said Lincoln Park spokesman John Goodman. "In the early 1990s, Lincoln Park became the first gaming facility in the region to offer separate, non-smoking areas. Other regional gaming destinations have since followed our lead, and today, one half of Lincoln Park

is completely smoke-free.”

Lincoln Park does mention the non-smoking gaming rooms clearly on its Web site, and also mentions them in local radio spots, although Goodman says this is more as a matter of fact than as a marketing niche. Employees are allowed to opt out of working in smoking areas, and customers don't have to walk through smoke to reach nonsmoking areas.

So Goes the Cruise Industry

The cruise line industry is cautiously doing away with smoking, too. Silversea Cruises, Ltd., an “ultra-luxury” cruise line has taken a separate but equal approach to

smooth sailing for the transition.

Designated nonsmoking cabins are difficult due to inventory controls. He says that 40 percent of the luxury cruise line passengers, and much of the crew, are international, and may come from cultures where smoking isn't frowned upon the way it is in the U.S. “A smoke-free ship isn't far off,” says Ball.

Serving the Non-Smoking Customer

For any hospitality business, the key to successful implementation is a true marketing focus rather than a sales-oriented approach. Knowing who the customer is and what the customer wants, providing it, and making

card for the first night, covering the property against a vacant room. Some guests will object to such a request, so MacNaughton advises training and allowing front desk or reservations personnel to be able to make an on-the-spot-decision when the guest calls. For a frequent guest, or one of your loyalty club members, it goes without saying that you guarantee his non-smoking (or smoking) room.

Too many businesses miss out on Internet opportunities. “Not a lot of properties know the power of their Web sites,” says Devine. We don't do a wonderful job of internal marketing either.”

Hospitality businesses often just build a

Smoking trend.

the issue. Brad Ball, director of communications for Silversea Cruises, Ltd, says that based on customer comment cards, restaurants, casinos, showrooms, and even some deck areas are divided as smoking or non-smoking. He says that unlike hotels on land, when a ship cabin door is closed, smoke can't get in because it's an airtight seal for fire regulation compliance and the venting systems on a ship also work better. Silversea details its smoking policy in cruise documents.

Carnival had been at the forefront of smoke-free cruises when it launched the Paradise as a smoke-free ship. Passengers were forbidden to smoke anywhere on-board, and violators were subjected to fines and being dropped off at the next port. The cruise line decided to stop this service as of September 2004, leaving some vacationers who had booked future smoke-free cruises scrambling for options.

Dian Kiser, co-director of Breath, the California smoke-free bars, workplace and communities program, says that she has received many calls and letters from irate vacationers, voicing their displeasure with Carnival's decision, and promising never to set foot on a Carnival ship.

Ball sees the industry moving toward nonsmoking policies, but doesn't see

sure it is communicated to the customer are all essential to marketing success.

“Everything has to start with the customer,” says MacNaughton. “Take a stand and literally guarantee that the non-smoking room will be available when the guest arrives,” says MacNaughton.

For hotels, MacNaughton recommends using the overflow concept. “You need to strike a positive relationship with hotels of the same ilk or market segment as yours within a close walking or driving range,” he advises. Have a relationship that allows you to positively “move” an incoming guest to the other hotel (and vice versa at another time) since you have no more non-smoking (or even smoking) rooms available. This is necessary for hotels that still offer ‘some’ smoking rooms.”

In order to provide the “guarantee,” the property should first sit down with revenue management and salespeople to really tighten up the room occupancy projections and number of rooms that will be required to maintain the guarantee. If your guarantee of a smoke-free room must be broken, fall back on the overflow partner, especially if it is part of your own hotel group.

Consider asking guests to “guarantee” the reservation by pre-charging a credit

Web site expecting people to find it on their own with no plan to make that happen. Richard Zwicky, CEO of Metamend, a leading search engine marketing and optimization firm in Victoria, British Columbia, says this is a formula for failure.

“An important part of attracting customers to your property is through search engine optimization,” says Zwicky. Search engines drive more traffic to a Web site than any other resource, but attracting their attention isn't just a matter of placing content on the Web site. A good example is the term “nonsmoking” or “non-smoking” rooms on hotel Web sites. “It's the common term hotel people seem to use,” he says. “But it's not the best one to use.”

He says that the vast majority of consumers use the term “smoke-free” while “nonsmoking” was barely used, when searching on the Web. Once again, know who the customers are, and speaking their language is paramount.

Don't confuse customers with numbers. MacNaughton says it is important to not say something like “1,240 of the 1,400 rooms are non-smoking.” Put that proportion in a percentage, for example “87 percent of our rooms are smoke-free.” Use the words “smoke-free,” not non-smoking.” ■