Strategic Marketing:

A Lodging “End Run”

Just as a football team uses an end run to by-pass the defense, the “Tom Bodett” radio campaign effectively made an end run around the lodging competition by cutting through clutter with an appropriate message. Here’s how that campaign was researched, planned, implemented, and measured

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MARKETERS FACE two essential problems in the advertising environment of the 1990s and beyond. First, they must determine how to cut through the clutter of advertisements that is bound to increase as media choices proliferate. Second, they must justify the expense of advertising by demonstrating the effectiveness of their advertising strategies.

Of all the areas of discretionary spending open to the business operator, advertising may represent the greatest potential for spectacular reward or enormous waste. Marketers can remove some of the uncertainty regarding advertising’s effectiveness through research and the choice of appropriate media. Mastery over clutter is a matter not only of being noticed, but also of persuading a target audience to take action based on the pertinence of the message.

Occasionally, an advertiser meets the twin challenges of cutting through clutter and devel-

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oping an advertising campaign that is measurably a success. In this article, we discuss Motel 6's radio campaign featuring Tom Bodett as one of the rare instances when a lodging company met both challenges, and in the process, created one of the best-known advertising campaigns in recent years.

Background

In February 1986, Joseph W. McCarthy, newly hired CEO of Motel 6, called his old friend Stan Richards, founder and head of The Richards Group, to award a new account to the advertising agency. At that time, Motel 6 was almost 25 years old and maintained a market position of having the lowest room rates of any national chain.

McCarthy had been hired by the new owners of Motel 6, Kohlberg Kravis Roberts & Company (KKR), the leveraged-buy-out specialists. In 1985, KKR had bought the chain from City Investing Corporation, a company in "self-liquidation." KKR's game plan was no secret: expand the chain and enhance its investment.

During the five years preceding KKR's purchase (1981–85), Motel 6 performance had been steadily eroding, even though its occupancy rate was better than the industry average (see Exhibit 1). Presumably, there had always been a loyal, if shrinking, cult of travelers—"Road Warriors," according to McCarthy—for whom Motel 6 was irresistibly appealing or perhaps economically necessary.

When McCarthy invited The Richards Group to be the Motel 6 marketing partner, he challenged the agency to help him meet three significant objectives: (1) reverse the chain's several-year-old decline in occupancy; (2) broaden the customer base by attracting new guests; and (3) critique the product

EXHIBIT 1 Occupancy rates, 1981–1986

YEARS	INDUSTRY	ECONOMY SEGMENT	MOTEL 6
1981	67.1%	67.3%	81.1%
1982	64.6	66.0	76.1
1983	65.2	65.3	73.1
1984	65.9	65.2	71.9
1985	64.4	64.0	69.5
1986	64.7	62.7	66.7

From 1981 to 1986, Motel 6's industry-leading occupancy rate declined and the company began to lose market share. At the same time, the industry as a whole and other economy-segment chains also reported decreases in occupancy (although these were less dramatic than Motel 6's decline), most likely due to the substantial increase in the rooms supply.

from the guests' perspective and recommend improvements or changes, if warranted.

The Situation in 1986

During 1986, the economy-lodging segment reported a 1.3-percent drop in occupancy despite a leveling-off of occupancy rates across the industry as a whole (occupancy actually increased industry-wide by about one-third of a percent in 1986, according to Laventhol & Horwath's 1987 *Economy Lodging Report*).¹

At the end of 1986, there were 4,448 properties and 437,800 rooms in the economy segment. The former accounting firm Laventhol & Horwath expected the opening of 965 new properties during 1987, representing 95,100 rooms. This would bring the segment's totals to 5,413 properties and 532,900 rooms.

Motel 6. In early 1986, Motel 6 comprised 430 properties and 48,000 rooms nationwide. Motel 6

¹By definition, "economy" and "limited service" lodging facilities offer standard-size, fully furnished rooms at 20–50 percent below a particular market's average rates. Economy properties usually do not feature on-site restaurants, but are typically located near family eating places. Some chains offer a continental breakfast as an amenity.

positioning has always been "clean, comfortable lodging for the lowest prices of any national chain." Motel 6 maintains its lowest-price position through stringent cost controls and standardization. Motel 6 properties are functional, and guests know what to expect. Virtually all Motel 6 locations have at least one family restaurant nearby.

Motel 6 room rates are generally 20 to 30 percent below other economy and limited-service motel chains, and about 50 percent below the national average for the lodging industry as a whole.² To a great extent, what enabled Motel 6 to develop its product for its relatively modest price was standardization. At the time, all of the motels were built using the same basic plan. Thus, there were savings in design costs, construction charges, and furnishings. There were only two kinds of rooms: those with one double bed and those with two double beds. Otherwise, the rooms were identical. (The company has more

²For a discussion of cost focus as a marketing strategy, see: Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance* (New York: Free Press, 1985).

recently adopted a strategy of purchasing existing motels, usually those with outside corridors similar to the existing Motel 6 properties.³⁾

The standardized approach means room cleaning is easy and staff training is simple. Bathrooms have showers with rounded—not square—corners (for ease of cleaning), and there are no tubs. All Motel 6 locations have their own laundry facilities, so there are never linen shortages and related costs can be controlled. All supplies are ordered centrally.

Management of individual properties is generally handled by a couple who live on site. One serves as the general manager, the other as the front-office manager.⁴⁾

There are no Motel 6 franchises. Thus, Motel 6 has a degree of direct, immediate control that can't be matched by a franchise organization. Decisions can be implemented relatively quickly.

Market-Sensitive Pricing

Prior to 1986, Motel 6 room prices were uniform across the country: a room in Odessa, Texas, cost as much as one in Washington, D.C. While this policy was consistent with the simplicity of the concept (and the notion that there was just one rate nationwide had a certain charm), the reality was that a guest might confront a price that was sometimes more, sometimes less, than nearby “consideration set” brands, depending on the local competition and market conditions.

The new owners of Motel 6 recognized the inefficiency of ignoring local circumstances when setting rates, and began the practice of surveying selected

national competitors that were near each Motel 6. Then the owners established prices for individual properties, consistent with the property's occupancy history, profit objectives, and—of course—“lowest price” promise to the consumer. The company was able to charge more in pricier cities to maximize revenues, but the guest always received good value relative to what else was available. In 1989, prices ranged from \$31.95 in Washington, D.C., for example, to \$17.95 for a night in Odessa.

Initial Research

There had been virtually no formal consumer research at Motel 6 prior to 1986. Decisions that seemingly required information about guest characteristics and behavior had invariably been based on conjecture and anecdote.

Guest surveys. To ensure a sound basis for marketing, advertising, and operations decisions, The Richards Group recommended a research program that would capture the consumer point of view.

To segment and characterize the guest population, an in-room, self-administered questionnaire was created. While fraught with the prospect of non-response bias (fewer than 10 percent of all guests completed the 27-question instrument), the Motel 6 four-wave national guest survey confirmed and quantified many preexisting assumptions about guests.

The following items are among the most important trends gleaned by Richards from the study.

- The Motel 6 market comprises three primary guest segments: (1) “Empty nesters,” couples over the age of 50 (sometimes considerably older, and often grandparents) whose children no longer live at home and who use Motel 6 on vacations or “weekend getaways”; (2) Young couples who

travel with their children on leisure or vacation trips; and (3) Commercial guests, ranging from truck drivers, engineers and contractors on extended assignments, commission salespersons, and small-business owners who use Motel 6 either because their lodging isn't reimbursed or the chain's highway locations are more convenient to their destinations than downtown hotels. Commercial guests at Motel 6 tend to be male.

- The automobile dominates as the mode of guest travel.
- Most guests do not make reservations ahead of their arrival at a Motel 6 property. (It would be learned later, during focus groups, that guests typically plan their stops before leaving home or “through-the-windshield” en route, with heavy reliance on lodging directories and a road atlas.)
- Motivations for taking a trip, which vary according to the season, belong to one of three categories: leisure or vacation, commercial or business, and “personal business” (which encompasses such purposes as job interviews, campus visits, family emergencies, and moving cross-country).
- Regarding those who completed the survey, the research revealed their median income to be in excess of \$30,000 and a majority of those Motel 6 guests had “some college” or other experience in higher education. These findings were a surprise, as many in the company assumed beforehand that an exclusively downscale profile would emerge.

Focus groups. The marketing agency used round-table focus groups to corroborate the survey results and to solicit information from economy-sector guests who used other brands. Each focus group consisted of a dozen re-

³Groupe Accor's purchase of Motel 6 in 1990 changed the basic plan. In early 1991, Motel 6 agreed to purchase a number of Susse Chalets, Regal Inns, Journeys End Motels, and Affordable Inns. See: “Motel 6 Acquires 62 Additional Properties,” *The Cornell Hotel and Restaurant Administration Quarterly*, 32, No. 1 (May 1991), p. 11.

⁴Tony Lima, “The Current Success of Motel 6 Is No Secret,” *Lodging Hospitality* (July 1988).

Paul Greene: Motel 6's Founder

Paul A. Greene was a home builder in Santa Barbara with a growing family when, as a result of his family's travels, he came to appreciate the need for a chain of budget motels. He enjoyed taking his family, which eventually grew to eight children, on weekend trips up the California coast and on hunting and fishing excursions inland. Some days they would drive up to San Francisco and stop overnight in Carmel. Since they frequently traveled on holiday weekends, Greene found that he would pay one price on the way up and a higher price on the way back. He began to wonder how

parents living on a tight budget could afford to travel and show their children the country.

After one weekend trip, he sat down and did some calculations to determine what a motel room probably ought to cost. After some time, he came up with the figure of six dollars. He figured that would provide a low-enough price to be affordable for just about everybody, while allowing the owner to offer some quality and still make a profit. He had it in mind that he might like to be that owner.

Greene enlisted the support of an associate, William Becker, a painting contractor, and together they took that six-dollar figure and made it the name of their new motel company. They built the first Motel 6 in June 1962 at 443 Corona del Mar, one block from the beach in Santa Barbara. That property is still in operation and has enjoyed near-capacity occupancy since the day it opened.—*M.W.C., based in part on J. Patrick O'Hara's article in the Santa Barbara News-Press, "Motel 6 Founder's Idea Still Thrives at Age 25" (April 19, 1987).*

Paul Greene and his partner, William Becker, built the first Motel 6 in June 1962, in Santa Barbara. That property, pictured above, continues to operate as a Motel 6 today.

cruited consumers (strangers to one another) who met to discuss "lodging" in a two-hour session led by a seemingly detached moderator. Participants in these sessions were chosen so as to reflect the three user segments identified during the earlier research (i.e., empty nesters, young couples with children, and commercial guests). The first focus groups were held in typical "heartland" markets for Motel 6: Los Angeles, California; Dallas, Texas; and Tampa, Florida.

When the time came for group members to claim where they had stayed last, or most often, there was hesitancy at first to admit to staying at Motel 6. Apparently, some users felt admitting so would label them as "cheapskates" or as persons who couldn't afford "decent" accommodations.

In truth, respondents were

defiantly proud of their Motel 6 loyalty, and their initial silence turned to clearly articulated rationales when it was discovered the group was made up entirely of kindred road warriors. The research, then, uncovered among Motel 6 users a sense of being wise for regularly choosing the most frugal lodging option available, even if they weren't prepared to boast about their Motel 6 patronage. This strategically relevant behavior was observed at each stop on the focus-group tour, and led to an advertising strategy dubbed "The Smart Choice."

Motel 6 met minimal, though acceptable, standards to the loyal guest: decent overnight lodging that enabled the traveler to save a few dollars. Typical anecdotes revealed that this savings was not hoarded but, instead, was spent

(1) by grandparents on their grandchildren (among the empty nesters), (2) on additional vacation activities (among the young-family travelers), and (3) on better meals or extra tanks of gas (among the commercial guests).

Missing Ingredients

Half of the focus groups were composed of travelers who were not users of Motel 6 (including some individuals who only very occasionally used Motel 6), but who patronized competing economy brands. In many cases, Motel 6 was a brand they wouldn't even consider, based on knowing or perceiving that basic "essentials" that could be found at other chains were missing from Motel 6 properties. When the ad agency discovered what budget-conscious travelers considered important, if

EXHIBIT 2

"Comparison"—Bodett's first radio spot for Motel 6

"Hi. Tom Bodett here for Motel 6 with a comparison. You know, in some ways, a Motel 6 reminds me of one of those big, fancy hotels. They've got beds; we've got beds. They've got sinks and showers; by golly, we've got 'em too. There are differences, though. You can't get a hot facial mud pack at Motel 6 like at those fancy joints. And you won't find French-milled soap or avocado body balm. You will, however, find a clean, comfortable room, and the lowest rates nationwide. Under 21 bucks in most places. A lot less in some, a little more in others, but always the lowest price of any national chain. And always a heck of a deal.

"Motel 6 has 400 locations from coast to coast. And we operate every darn one of 'em, which means they're always clean and comfortable.

"Oh sure, it'll be rough to survive one night without avocado body balm or French-milled soap, but maybe the money you save'll help you get over it. It always works for me.

"I'm Tom Bodett for Motel 6."

not vital, to lodging decisions, it was able to confirm for Motel 6 executives the need for some significant product improvements.

Phone home. At the time of the marketing study, Motel 6 guests couldn't use a telephone from the comfort of their rooms because there weren't any phones installed in the rooms. To make a call, guests had to use one of the pay phones located elsewhere on the property. For the leisure traveler, the absence of a phone meant an unacceptable sense of isolation from home. For the commercial traveler, especially salespeople, no phone meant appointments couldn't be arranged from their rooms and there was no way to guarantee an early start each morning with a wake-up call.

The agency recommended that Motel 6 add phones to the rooms. (McCarthy later found out that his order for 50,000 telephones, placed with AT&T, was second in size only to an order the Pentagon had once placed.)

TV turn-off. Motel 6 non-users also volunteered that another barrier to their patronage was the practice of charging a "nickel-and-

dime nuisance fee" (\$1.49) for the privilege of having the television set activated. The Motel 6 guest survey had shown that eight in ten guests paid this fee anyway, and no one who refused to pay ever said it was "to save money." More significant than any money one might save was the message implied by charging extra for an amenity taken for granted everywhere else: Were there other hidden charges? Did towels cost extra, too?

Regarding the television issue, the agency recommended that Motel 6 not charge the guest a separate fee to activate the TV. Taking a gamble, Motel 6 went a step further and left room rates alone while doing away with the TV turn-on charge. At stake was at least \$12 million in annual revenue from television fees alone (this was in 1986). McCarthy was optimistic that an increase in room-nights would make up the difference. In any event, he was aware of the rate-sensitivity of his long-standing guests and didn't want to hike prices and get them thinking about staying elsewhere.

Toll-free free. The last major complaint of non-users revealed

during the focus groups was the lack of a central reservation system. Travelers who plan their stays in advance are used to calling a central reservation service using a toll-free number, and Motel 6 didn't offer such a convenience.

Once again, the agency's recommendation was to cater to the guests and install a central reservation system. This move was targeted at non-users, since most regular guests had managed without this convenience. In a bold decision, Motel 6 created a reservation center for travelers but did not offer a toll-free number. That is, the caller had to pay for the long-distance phone call (which averaged about \$1.25 per reservation). Motel 6 has stuck with that decision through the years, so that even today it does not have a toll-free number for reservations. This keeps the cost of the reservation service from increasing room rates, and is intended to send a "smart management" message to the target markets.

Media Strategy

In 1986, advertisers from all lodging-industry segments spent a total of about \$107 million on media advertising, mostly to buy television and print ads. In another example of bucking trends, the ad agency decided that radio made the most sense for the target audience of through-the-windshield decision makers who might feel less than kindly toward a chain with a "big time" look or feel to its advertising. Radio seemed to fit the bill perfectly, even if virtually no other chain at the time had more than dabbled in that medium. In effect, the decision was to make an "end run" around the competition by using a medium the other lodging chains rarely touched.

The radio campaign would follow the same route as the massive in-room telephone instal-

lation, which was on a market-by-market schedule (beginning in California and Texas). In fact, radio ads would announce in each market that Motel 6 was "moving into the fast lane" with this product change.

At first, air time was bought on a spot basis, that is, one market at a time. Soon, regional networks became feasible, such as the Texas State Network. By the fourth quarter of 1987, all the phone installations had been made and Motel 6 could justify advertising throughout its entire system, eventually using national network radio. At the time, Motel 6 was in virtually all of the continental United States except for New York and New England.

As a result of its blanket purchases of air time, Motel 6 was able to reach 100 percent of its geographic markets for what had been the cost of buying just 30 percent of those markets under the previous spot-market plan.

At first, the radio ads were scheduled to run in each market at extraordinarily frequent intervals throughout the day. The plan was to build awareness rapidly in markets that had not been subject to Motel 6 advertising, and to boost occupancies that had been sliding for some time. After running at a strong introductory level for a few weeks, the frequency of the radio spots was cut back by 25 to 60 percent. The revised, "normal" levels were felt to be satisfactory, given the unique character of the Motel 6 radio ads.

Tom Bodett Here

The choice of a spokesperson for the radio ads was a critical decision, for without an effective pitch, the end-run strategy would not be effective. David Fowler, a talented Richards Group copy writer, had heard occasional commentaries on National Public

EXHIBIT 3
Change in consumer awareness credited to radio advertising for Motel 6

Note: Samples ranged from 74 to 161 persons.

Radio's "All Things Considered" given by a home-building-contractor-turned-writer named Tom Bodett. Bodett, a resident of Homer, Alaska (and originally from Sturgis, Michigan, "curtain-rod capital of the world"), intrigued Fowler, who thought the Bodett style and philosophy might mesh with the right advertiser some day. Fowler contacted Bodett to gauge his interest in the possibility of doing a voice-over and requested a demo tape. The Bodett tape lay inside Fowler's desk until the Motel 6 radio opportunity came along.

Even then, the agency and the advertiser struggled with the spokesperson issue for a time. Since Bodett was assumed to be unknown to the public, his lack of celebrity stature might cause too little notice among the target audience to support the build-up in awareness that was needed. On

the other hand, a known figure might lack the credibility necessary to convey the desired message, since the average listener might doubt that a *bona fide* Hollywood-type star would ever stay in an economy motel, especially Motel 6.

Additional target-audience research, both qualitative (focus groups) and quantitative (mall-intercept interviews), resolved the spokesperson impasse. Despite his unknown status, Bodett "resonated" well with prospective guests who heard sample tapes, and it was confirmed that use of a celebrity would be to stretch the truth too far for some travelers.

Results. The first radio spots featuring Bodett ran in November 1986, only about ten months after McCarthy first contacted Richards regarding Motel 6. The first Bodett script, "Comparison" (Exhibit 2), was followed by more than 100 others over the next five years. Each

spot captures the essence of the "Smart Choice" creative strategy.

The effectiveness of the campaign was measured by consumer awareness relative to data collected prior to the ad campaign (see Exhibit 3). Surveys conducted in California, Texas, the Southeast, and the Midwest indicated great gains in advertising awareness, which were attributable to the radio ads.

Motel 6 also saw a turnaround in its six-year occupancy slide. In the first full year of the campaign, 1987, average occupancy rose six percentage points when compared to 1986's rate. Growth continued in 1988 and 1989, rising almost three more points over the 1987 rate (Exhibit 4).⁵

Revenues also rose, from \$256 million to \$297 million between 1986 and 1987. This 16-percent increase was followed by 14-percent and 25-percent revenue increases in the following two years (Exhibit 5). Such increases were unprecedented in the industry at the time.⁶

Public service. Considering the success of the radio campaign, the Motel 6 advertising team had another idea. Why not ask Bodett to record a PSA (public-service announcement) every now and then? Bodett's recognizability and credibility had become such that his voice and the background music (the same as that used in the Motel 6 ads) would probably suffice to cause listeners to think of Motel 6 without even mentioning the company's name.

With McCarthy's blessing, the

⁵Motel 6, L.P., annual report and 10-K form, 1989.

⁶The success of Motel 6's concept and strategy was noted by, among others: Jennifer Fine, "On the Road to a New Image," *Dallas Times Herald* (January 24, 1988); Thomas C. Hays, "Motel 6 Roused by Topical Wit," *The New York Times* (May 18, 1989); Barbara Holsomback, "Richards Cited for Motel 6 Success," *Adweek* (July 23, 1990); and Shannon Thurmond, "Bodett Lights Up Motel 6," *Advertising Age* (May 23, 1988).

EXHIBIT 4
Occupancy rates, 1981-1989

EXHIBIT 5
Revenues, 1983-1989

On average, available rooms increased about 9 percent, and room rates went up about \$1.00 each year and during 1981-1989.

EXHIBIT 6

Public-service announcement

"Hi. Tom Bodett here with a public-service message. It's not a sermon because you probably need another one of those like a hole in the head. It's just a few tips for you road warriors out there. I call 'em 'Tom's Three Don'ts.'"

"Don't number 1. Don't drive so doggone fast. I used to drive fast but now I either leave a little early or just show up late. Who cares."

"Don't number 2. Don't drive without bucklin' the darn seat belt. I hate those things, don't you? Trouble is, first time you don't wear 'em you'll need 'em."

"Don't number 3. You've heard this before. Don't drink then drive. I don't know what the answer is on this one. It's tough. Either don't drink. Or drink and stay home. Or sleep on a couch. Be creative. Just don't operate heavy machinery after you've had a few."

"Drive careful. Come home safe. And help make sure somebody else's family does, too. This public service message is brought to you by my friends at this station and me, Tom Bodett."

agency ran with the idea. They produced a Bodett PSA, to be aired over the summer, that was targeted at one of the chain's largest markets: drivers (see Exhibit 6).

The PSA was sent to every station where Motel 6 was an advertiser. Included was a letter from Bodett asking PSA directors to consider airing the spot for the benefit of their listeners. Also included was a postage-paid reply card designed to learn how PSA directors reacted to this idea.

Bodett's PSA was mailed in time to air before Memorial Day weekend. Some 450 tapes were sent out, and 123 stations responded with the reply card (or otherwise). Of those that responded, 33 percent of the stations said they had already aired the spot; another 39 percent said that they planned to air the spot. The rest of the stations indicated it was their policy to air only live PSAs.

The Richards Group polled a cross-section of the responding stations to learn their policies regarding PSAs, as well as the number of times they would likely run the spot. The average run was

ten exposures. Applying average media costs to these markets suggested a dollar value for this no-cost exposure (which had the unmistakable sound and feel of Motel 6 spots) of about \$314,000.

From these first-generation beginnings, the PSA campaign has become a regular component of the Motel 6 media mix. To date, the dollar-value impact is calculated to be in excess of \$1 million.

Lessons

Even a brilliant marketing plan or creative concept will misfire if it is lost in competitive advertising clutter. Likewise, a highly visible effort will be ineffective if it is not based on a sound, relevant strategy. Cutting through clutter and being effective are two challenges—and therefore opportunities—that face any marketer, no matter what the product category or brand.

Uh-huh. Few marketing campaigns have achieved the success, visibility, or durability of "Tom Bodett for Motel 6." Certainly no lodging-industry campaign has had such a long run, and the last such food-service campaign featured Clara Peller on television.

The Bodett campaign exemplifies the application of sound marketing principles. Virtually no key decision was left to chance, and the scripts are arguably the most creative in years.

Because all of the Motel 6 creative elements were chosen to resonate with the consumer learning that took place initially, it is not far-fetched to state that the advertising has become its own cliché, without diminishing its creative vitality.

It is interesting to observe that since the campaign began, several advertisers in this and other categories have added or beefed up radio in their media mixes. Some of these efforts probably have been less than gratifying, because the advertisers may have misread the "success formula" as being simply "comedian-plus-radio."

The Motel 6 campaign has three elements missing from that simple abstract concept. First, Bodett is primarily a writer, not a comedian, despite the charm and wit of his radio scripts. Second, Bodett was virtually unknown before the campaign, so his position as quintessential user of the product was assured. He was not viewed as a "hired gun." Third, the "smart choice" strategy, creative elements, and use of radio fit Motel 6, while they may not fit another firm.

The lesson of the Motel 6 campaign is not necessarily to use radio, a witty spokesperson, or even to appeal to consumers' desire to make a "smart choice." The lesson of this campaign is to use a disciplined process that begins with research to learn about consumers' behavior, responds unwaveringly to those insights, and then follows through with consistent creativity and measurement. Marketers working in any product or service category can benefit from these lessons. CQ