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# Driving Demand for the Quarterdeck: A Case Study

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## **Abstract**

The Quarterdeck Beachside Villas and Grill is a small property that faces an all too common set of challenges, most of them stemming from steep seasonality. Located on Nova Scotia's south shore, the Quarterdeck sells out during the summer months but is nearly empty during the winter. This case study examines the Quarterdeck's marketing approach and outlines strategies for driving off-season demand by focusing specifically on identifying guests' needs and desires to develop new product bundles and marketing communications. Although these ideas emerge from the Quarterdeck's particular circumstances, the strategies are applicable to many small hospitality companies that face seasonal demand.

## **Keywords**

Nova Scotia, tourism demand generators, seasonal resorts

## **Disciplines**

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## **Comments**

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# Driving Demand for the Quarterdeck

## A Case Study

by ROBERT J. KWORTNIK JR. and JAMES VOSBURGH

The Quarterdeck Beachside Villas and Grill is a small property that faces an all too common set of challenges, most of them stemming from steep seasonality. Located on Nova Scotia's south shore, the Quarterdeck sells out during the summer months but is nearly empty during the winter. This case study examines the Quarterdeck's marketing approach and outlines strategies for driving off-season demand by focusing specifically on identifying guests' needs and desires to develop new product bundles and marketing communications. Although these ideas emerge from the Quarterdeck's particular circumstances, the strategies are applicable to many small hospitality companies that face seasonal demand.

**Keywords:** Nova Scotia; tourism demand generators; seasonal resorts

**I**t was a sunny October day following Canada's Thanksgiving, with temperatures along the Nova Scotia coast reaching 16° Celsius (60° Fahrenheit).

Doug Fowler, managing partner of the Quarterdeck Beachside Villas and Grill of Summerville Beach, sipped coffee in the nearly empty restaurant overlooking the Atlantic Ocean and considered the past summer. Doug bought the Quarterdeck in 1990 with two partners, upgraded the property, and ran the resort. The past summer had been a success: strong occupancy meant lodging-revenue projections of \$500,000 for the year, and the restaurant had increased sales for the fifth straight season. Yet the off-season was fast approaching, which meant the restaurant would close, room rates would be reduced, and occupancy would diminish. Doug considered it a shame that the business died in autumn and winter, and he wondered whether something could be done to boost nonpeak yields. He knew he was fortunate to be able to keep the Quarterdeck open at all since most independent resorts in Nova Scotia shut down after Thanksgiving. However, Doug vowed to investigate ways to increase revenue during the off-season.

This case study examines a problem common to many hospitality companies that are located in

geographic regions characterized by steep seasonality: how to develop market demand in shoulder and low-season periods. Difficulties associated with identifying target customers—both current and potential—and forecasting demand are endemic to small, independent operations that lack the resources, personnel, or training to conduct detailed market analysis. However, this research is critical for a business's long-term viability, especially if growth plans depend on uncertain sources of revenue. Moreover, the internet has provided research power that was once available only to larger firms with dedicated market-research departments. In the case that follows, we profile the Quarterdeck and highlight the marketing challenges this property faces. We next offer an analysis of the Quarterdeck's market situation and present a set of recommendations for enhancing demand in light of existing geographic, economic, and other constraints. We close by underscoring what hospitality managers can learn—and apply to their operations—from the case of the Quarterdeck.<sup>1</sup>

### The Quarterdeck Experience

Guests staying at the Quarterdeck Beachside Villas and Grill can fall asleep to the sounds of the ocean. The Quarterdeck is situated on a mile-long, white-sand beach, two hours southwest of Halifax, the capital of Nova Scotia. The property offers 16 upscale units, including 2 one-bedroom, single-story units; 13 two-bedroom, multilevel units with two full baths; and 1 three-bedroom cottage right on the sand (see Exhibit 1). All units face the ocean and have fireplaces, full kitchens, bathrooms with Jacuzzi

tubs, televisions with DVD players, and high-speed wireless internet access—a luxurious amenity set relative to other resorts in the area. There is also an on-premises restaurant specializing in seafood that has been voted by guests as the number-one restaurant in Nova Scotia in the Taste of Nova Scotia poll. The villas were awarded four stars from Canada Select, an industry-led rating program intended to provide consistency of quality standards within categories of accommodation.<sup>2</sup>

Doug believed that the Quarterdeck's major selling feature is its beachfront location. Many of the activities offered rely on the ocean, such as kayaks, body boards, and surfboards available for rent. Because of the Quarterdeck's remote coastal location, guests come for a retreat from the hustle and bustle of their daily lives. A typical day at the Quarterdeck starts with a walk along the beach in the cool morning air, followed by time relaxing in the sun or a day trip by car to one of many picturesque towns that dot the scenic Lighthouse Route for shopping and sightseeing (see the map in Exhibit 2). Families with young children enjoy trolling the beach for sand dollars and searching tide pools for starfish. Parents love that they can let their children play on the beach, while they can sit on their decks and relax with their children well within view. In the evening, guests can enjoy the specialty of the Grill, planked salmon.

Business for towns along the south shore of Nova Scotia, from Halifax to Yarmouth, is strong during the summer. The Quarterdeck's occupancy for high season averages 90 percent (see Exhibit 3). Indeed, the property often turns away would-be

1. This case and analysis are based on the second author's experiences as a guest and employee at the Quarterdeck, as well as interviews with past guests, employees, and marketing professionals from the Canadian lodging and tourism sectors. The Quarterdeck also provided access to guest records and pertinent financial information.
2. Canada Select, "What Is Canada Select?" [www.canadaselect.com/CanadaSelectInformation/WhatIsCanadaSelect/WhatIsCanadaSelect.cfm](http://www.canadaselect.com/CanadaSelectInformation/WhatIsCanadaSelect/WhatIsCanadaSelect.cfm) (accessed August 25, 2006).

**Exhibit 1:**

## The Quarterdeck Beachside Villas and Grill



guests during summer because the villas are full. In contrast, during the late fall, winter, and early spring, occupancy is low. Nearly all of the tourist-based businesses in the vicinity shut down due to minimal demand, including almost a dozen small lodging operations which close in mid-October, after Thanksgiving weekend.

The biggest hotel in the area, with 159 rooms, White Point Beach Resort, does stay open in winter. White Point offers some amenities, such as tennis courts and a swimming pool, that the Quarterdeck does not provide. Doug explained that he originally kept the Quarterdeck open to heat the villas in the winter so that the pipes would not freeze, although this offered the additional benefits of discouraging guests from trying White Point in the off-season and also maintained staff loyalty when many lodging operations in the area simply lay off staff in the

winter. The Quarterdeck did make some money in the off-season, even though Doug decided to close the three-bedroom cottage and the two one-bedroom units after Thanksgiving. The Grill had to close because the facility is not winterized, and making it winter-worthy would cost more than \$20,000. Keeping the villas open without the restaurant is possible because they have kitchen facilities, and Liverpool's grocery stores are less than ten minutes away.

The main problems faced by the Quarterdeck and many other seasonal resorts in the area are twofold: first, how to estimate potential demand, and second, how to generate off-peak demand. Compounding this problem for Doug is an investment decision: located across the street from the Quarterdeck is a parcel that he is considering for development—perhaps as an RV park or as luxury villas similar to those on the beach—but only if the demand is

**Exhibit 2:**

## Map of the Quarterdeck Location



strong enough to fill whatever would be built there.

Complicating Doug's decision is public perception. Nova Scotia evokes an image of sun and sand only in summer (and maybe not even then). In summer, it is, as the license plates say, "Canada's Ocean Playground." Typical temperatures range from an average of 70°F during the summer to 16°F during the winter. Tourism accounts for revenues of over C\$1 billion—a sizable sum for an economically depressed province. (Nova

Scotia is considered a "have-not province," which means it receives federal government payments to ensure provision of services to residents.<sup>3</sup>) The south shore area of the province accounts for one-tenth of the province's tourism revenue, at just over \$100 million.<sup>4</sup> Queen's County, home to the Quarterdeck, relies heavily on tourism, especially during the summer. In 2002 tourism generated almost \$21 million and employed nearly six hundred workers, all of this for a county that had only 11,723 residents.<sup>5</sup>

3. CBC News, "Equalization Payments," May 2, 2005, [www.cbc.ca/news/background/cdngovernment/equalization.html](http://www.cbc.ca/news/background/cdngovernment/equalization.html) (accessed April 30, 2006).
4. Nova Scotia Department of Tourism, "Tourism Insights," December 2005, [www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?ID=1261&siteid=1&lang=1](http://www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?ID=1261&siteid=1&lang=1) (accessed April 30, 2006).
5. Region of Queens Municipality, "Region Statistics," <http://www.regionofqueens.com/index.asp?id=82> (accessed April 30, 2006).



**Exhibit 3:**

## Room Nights Sold and Occupancy Rates

Month	2004			2005		
	Number of Room Nights Sold	Occupancy Rate (%)	Average Daily Rate (C\$)	Number of Room Nights Sold	Occupancy Rate (%)	Average Daily Rate (C\$)
January	43	11.6	135	47	12.6	135
February	33	9.8	130	45	13.4	140
March	61	16.4	140	78	21.0	150
April	114	31.7	140	74	20.5	150
May	164	35.7	160	142	31.6	165
June	307	68.2	160	287	63.8	170
July	424	85.5	250	427	86.1	260
August	480	96.8	260	453	91.3	270
September	449	93.5	170	412	86.9	180
October	247	60.5	160	215	50.8	160
November	38	10.6	150	81	22.5	155
December	53	14.3	140	47	12.4	145

More than half of visitors to Nova Scotia come from other Maritime provinces, namely, Prince Edward Island, New Brunswick, and Newfoundland and Labrador.<sup>6</sup> Visitation in the century's first decade continues to increase from within Canada, while travel from the United States has yet to return to pre-9/11 levels. Doug and the hotel operators he knew said they were not seeing U.S. tourists for a variety of reasons, including the rising value of the Canadian dollar and the fact that the *Scotia Prince* ferry from Portland, Maine, to Yarmouth, Nova Scotia, was no longer running. That ferry annually brought more than 220,000 passengers and 38,000 vehicles to Nova Scotia until it ceased operation in 2004. In a typical year, one-third of all Americans visiting Nova Scotia had come on this ferry.<sup>7</sup> (The ferry service from Portland resumed in 2006 with a

smaller, high-speed catamaran, cutting the travel time to 5.5 hours, as compared with an overnight crossing on the old *Scotia Prince*.) Moreover, catamaran service continued running from Bar Harbor, Maine, to Yarmouth, which helped lessen the impact of losing the *Scotia Prince*. Guests still need to drive to the hotel once they arrive on the ferry. If they reached Yarmouth or Halifax without a car, a staff member could pick them up at a cost. Once they reached the hotel they were essentially stranded, however, and so few guests took this approach.

Nova Scotia has considerable allure for travelers who enjoyed outdoor activities—hiking, nature observation, beachcombing—but its culture and history also invited guests to visit craft shops and museums.<sup>8</sup> Not surprisingly, Nova Scotia's provincial marketing campaign for tourism omitted

6. "2004 Visitation to Nova Scotia," [www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?ID=1249&siteid=1&lang=1](http://www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?ID=1249&siteid=1&lang=1) (accessed April 30, 2006).

7. "Friends of *Scotia Prince*," [www.friendsofscotiaprince.com/](http://www.friendsofscotiaprince.com/) (accessed April 30, 2006).

8. "2004 South Shore Visitor Exit Survey," [www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?lang=1&siteid=1&id=1291](http://www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?lang=1&siteid=1&id=1291) (accessed April 4, 2006).

**Exhibit 4:**

Guest Source Markets in Canada (in percentages)

<i>Source Market (Location)</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Nova Scotia	46.6	56.8	55.9	56.4
Newfoundland and Labrador	0.5	0.2	0.0	0.1
Prince Edward Island	0.1	0.1	0.2	0.1
New Brunswick	4.1	4.3	6.3	7.0
Total Atlantic provinces	51.3	61.4	62.4	63.6
Quebec	6.8	2.7	1.4	2.7
Ontario	17.3	17.5	15.6	15.3
Manitoba	0.1	0.3	0.0	0.4
Saskatchewan	0.2	0.2	0.1	0.0
Alberta	1.1	1.6	2.6	3.0
British Columbia	0.9	1.0	0.4	1.2
Yukon	0.0	0.0	0.1	0.0
North West Territories	0.0	0.0	0.0	0.0
Total other provinces	26.4	23.3	20.2	22.6
Total Canadian guests	77.7	84.7	82.6	86.2

mention of the winter months.<sup>9</sup> The province of Newfoundland and Labrador, on the other hand, spent more than C\$5 million in the late 1990s to become the Maritimes' winter destination.<sup>10</sup> While Nova Scotia enjoys many demand drivers during the summer months, the absence of demand drivers in winter make it hard to market the province as a winter destination. There are, for instance, no provincial events or other attractions along the lines of Quebec City's successful winter carnival.<sup>11</sup> In short, hotels and restaurants in Nova Scotia that want to increase winter occupancy cannot rely on provincial help to make their operations year round.

**Marketing the Quarterdeck**

The Quarterdeck was founded in the 1930s as a roadside beachfront motel. Typical of the day, the original cottages were simple one-bedroom units. The Grill was built later as a roadside diner. Over the years, upgrades were made to the cabins,

but major changes did not occur until Doug became involved. He explained that during fall 1994, the province of Nova Scotia was reeling from negative guest satisfaction when it came to accommodations. To combat this, the province offered money to hotels that would build two-bedroom housekeeping units. The Quarterdeck took advantage of this offer and received a grant of \$350,000. In 1995, Doug demolished the original cottages to put up the current two-story units.

The Quarterdeck has a computerized database with thirty-four hundred guest records. The records include where the guests are from, how they heard about the Quarterdeck, how many times they had stayed at the hotel, how much they had spent on each visit, the types of gifts they have received from the hotel, and select personal data such as birthday or anniversary. A majority of guests come from within Nova Scotia, mostly from Halifax (see Exhibit 4). Doug considers his guests the elite of Nova

9. Tourism Insights, "Nova Scotia Tourism, Cultural & Heritage, 2004 Advertising Evaluation Study," October 2005, [www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?siteid=1&lang=1&id=6](http://www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?siteid=1&lang=1&id=6) (accessed May 27, 2006).

10. Atlantic Canada Opportunities Agency, "Major Boost for Winter Tourism," August 1, 1998, [www.acoa.ca/e/media/press/press.shtml?932](http://www.acoa.ca/e/media/press/press.shtml?932) (accessed April 30, 2006).

11. Quebec Winter Carnival, "About Carnival," April 2006, [www.carnaval.qc.ca/en/histoire.stats.asp](http://www.carnaval.qc.ca/en/histoire.stats.asp) (accessed May 27, 2006).



Scotia: government officials, business owners, and wealthy retirees who can afford to visit several times a year. These summer guests occasionally return when the high season is over and the area is less busy. Doug believes that his guests are willing to pay the Quarterdeck's relatively high rates because they perceive the value of this upscale resort hotel as compared to one of the plainer motels nearby. These guests typically come for multiple nights, dine at the restaurant at least once, and are considered the best customers since they are relatively price insensitive.

More than half of the guests who visit the Quarterdeck each year are repeat visitors. This allows for personal relationships to grow between staff and guests, as well as among guests. The front-office staff has been relatively stable over the years, enabling desk agents to recognize guests who have stayed before. Some staff kept up correspondence after guests returned home. Such recognition has been effective in getting guests to return year after year and reinforced the Quarterdeck's strategy of personalized mailings. (For many years, the Quarterdeck has sent guests personal Christmas cards that feature a photograph of an employee dressed as Santa Claus and holding a surfboard—or a beer—on the beach.) The database of information that the Quarterdeck has developed and the personal relationships that have been created among Doug, his staff, and the guests also allowed the hotel to target specific guests with new marketing efforts. For example, the Quarterdeck has sent mailings to past guests to inform them about off-season sales promotions.

When Doug first became involved in the Quarterdeck, he focused on creating awareness for the renovated property, mainly by advertising in the Halifax market. This was done at a substantial relative cost for the

Quarterdeck—\$35,000 per year. The Quarterdeck advertised in the Halifax *Chronicle Herald* newspaper, took part in television co-op commercials with the province, and partnered in radio promotions with SUN FM (CKUL, now known as Kool FM) in Halifax. The Quarterdeck also bought air-time closer to home on nearby radio and cable TV stations. To measure the success of these promotional efforts, Doug trained the staff to ask guests how they heard about the hotel—a practice still in use (see Exhibit 5). Currently, the Quarterdeck has a smaller annual marketing communications budget of around \$25,000—roughly half of which is spent on guest-retention programs. Advertising in magazines and newspapers consumes around 15 percent of this budget (see Exhibit 6 for a sample advertisement), with most promotion efforts focused on three other areas: internet, roadside, and specialty print (travel guides and brochures).

The Quarterdeck's major internet presence is its web site, which recently was updated to have a more professional appearance. The web site outlines what there is to do in the area, shows what is offered at the Quarterdeck, and gives information about the restaurant. As there is no booking engine on the web site, the site's purpose is to promote the hotel and encourage interested travelers to call the hotel directly. In the past, the Quarterdeck paid to have banner ads on a Nova Scotia visitor web site. No click-through tallies were kept to assess the success of those banner ads, so Doug abandoned this effort.<sup>12</sup>

Almost 14 percent of guests said they chose the Quarterdeck after driving by the hotel or seeing roadside signs for it. Doug believes that during the off-season most guests do not make reservations to stay at the hotel, but instead simply stop by when they are touring the coast.

12. The click-through rate is the average number of visitors out of one hundred who visit a web site and click through a banner ad to reach the ad sponsor's page (CTR = # clicks/# ad impressions).

**Exhibit 5:**

How Guests Heard about the Quarterdeck (in percentages)

	2003	2004	2005
Referral			
Previous guest	42.5	43.1	45.9
Friend/relative/coworker	18.8	14.3	18.9
Travel agent	0.4	1.0	0.4
Check-in	0.1	0.6	1.0
Queens municipality	0.0	0.0	0.2
Familiarization tour	0.7	0.0	0.0
Advertisements			
<i>Doers and Dreamers</i>	8.9	9.5	4.7
<i>"Taste of Nova Scotia"</i>	0.8	0.0	0.0
<i>Chronicle Herald</i>	0.0	0.0	0.4
Other	0.6	0.6	0.0
Tourist bureaus			
Liverpool	0.2	0.1	0.0
Other	0.1	0.0	0.0
Cross-promotions			
White Point Beach Lodge	1.2	1.4	1.0
Lanes Privateer Inn	0.1	0.0	0.0
Lord Nelson	0.3	0.0	0.0
Haddon Hall	0.0	0.2	0.0
Other	0.4	0.5	0.8
Trade show			
Free Wheeling	0.0	0.1	0.4
Other	0.0	0.1	0.0
Other			
Drove by	13.5	16.3	13.2
Road sign	0.1	0.1	0.4
Live or lived in area	2.1	3.2	2.3
Ate in restaurant	2.3	3.0	2.5
Seen brochure	0.3	0.2	0.6
Received gift certificate	1.9	1.7	1.6
Here on conference	1.2	1.0	1.2
Web site	0.3	0.5	0.3
Internet	3.2	2.5	4.4

This meant that the four roadside signs for the Quarterdeck are important, especially during the off-season. These signs cost \$100 each per year. Originally, the signs were loaded with information, but Doug changed them to mention only oceanside dining and accommodations, the driving time to the property (in minutes), and the road exit to get there (the main highway in southern Nova

Scotia is controlled access). Doug reasons that the new Quarterdeck signs were distinct and stood out to the driver due to the signature colored deck chairs that adorn all Quarterdeck merchandise and handouts. These signs are changed seasonally to mention any special promotions.

Doug believes that the most important promotion for the Quarterdeck is advertising in

**Exhibit 6:**

Newspaper Advertisement for the Quarterdeck



*Spoil Yourself!*

THE QUARTERDECK  
Beachside Villas & Grill  
Summerville Beach, Nova Scotia

**The Villas**

- Perched on a spectacular mile-long white sand beach.
- Fireplace, full kitchen, jacuzzi, TV/DVD player and wireless internet
- Beach volleyball, kayaking and boogie boarding.
- Romantic and adventure packages.

**The Grill**

- Famous planked salmon, fresh lobster, pastas, salads, great steaks, decadent desserts and a cellar full of wines.
- Intimate late night dining, and all weather covered deck.
- Taste of Nova Scotia "Restaurant of the Year".

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Located halfway between Halifax and Yarmouth,  
Lighthouse Route #3, exit 20 off Highway 103.

★★★★★  
Canada Select

the *Doers and Dreamers* travel guide published by Destination Nova Scotia. People wanting to visit the province can register online to receive the free guide or can get one from a travel agent. The guide has general information about the province, as well as specific information about each resort that advertises in it. *Doers and Dreamers* produced more inquiries about room availability—and more bookings—than any other form of paid marketing communications. Other than *Doers and Dreamers*, the only significant print communication for the Quarterdeck is a new brochure with the title “Spoil Yourself” that features photographs of the villas and the ocean. These brochures were available across the province in tourist bureaus and in other hotels with which Doug had fostered a relationship. Doug had taken on a role in “Taste of Nova Scotia,” a provincewide marketing program designed to highlight culinary experiences offered within the province.<sup>13</sup> Through this organization he had met resort owners across the province, and they formed an informal marketing alliance, ensuring that they would recommend each other’s hotels.

During the 2005 off-season, Doug tried a new promotion designed to increase room-nights: buy two nights and get the third night free. Doug reasoned that the third night would cost the Quarterdeck little money, and getting people to spend more time at the property during the winter would increase positive word of mouth back in Halifax—though he did not keep track of the booking or word-of-mouth benefits of this promotion. Communicating the deal to target customers was a challenge, however. The Quarterdeck advertised the promotion only on the roadside signs that were located close to the property, but this required potential guests to

pass by and pay attention to the signs—something that was less apt to happen in winter, given the low traffic along the south shore. Doug also encouraged staff members to mention the promotion to anyone who called to inquire about staying during the off-season. His staff created a small mailer to inform past guests of the promotion, and this was included with a personal note from a staff member that also mentioned some of the winter activities available around the Quarterdeck.

Even as he assembled this promotion, Doug was concerned that summer guests would see deals offered during the winter and then question the value of the full price they pay for summer stays. During high season, the resort gives free nights only to people who are loyal guests who have come to the Quarterdeck for years and stayed for multiple weeks. These preferred customers have come to expect a few free nights for their loyalty. Beyond that, Doug did not want to spend money promoting this deal to guests who would not travel far enough to take advantage of it. During the summer, the hotel was a destination for travelers from out of province because Nova Scotia had few accidental tourists. People had to plan to travel there.

### Looking Ahead

Doug was confident that adequate demand existed for the Quarterdeck to increase revenues and even to support a property expansion. He was less sure, though, about how to reach potential guests with a message about the Quarterdeck’s value proposition—and what exactly was that value proposition during the off-season. Indeed, driving off-season demand would be important for funding the property’s future

13. The *Doers and Dreamers* guide is created by the Nova Scotia Department of Tourism, Culture & Heritage (Halifax, Nova Scotia, Canada). Also, Taste of Nova Scotia, “Who We Are,” January 2006, [www.tasteofnovascotia.ns.ca/who\\_we\\_are/](http://www.tasteofnovascotia.ns.ca/who_we_are/) (accessed April 28, 2006).



growth. Doug wanted to find a way to take advantage of the large number of repeat guests who were loyal to the Quarterdeck. Repeat guests and referrals accounted for more than 65 percent of the guests each year. Such loyalty led him to believe that many of these guests would be more than willing to help the Quarterdeck become busier in the off-season by recommending it to their friends. In summer 2006, Doug began recording guests' e-mail addresses to allow for less expensive and more effective direct contact with people who know the property. Ultimately, though, Doug is aware of the difficulties the Quarterdeck faces due to seasonality and the perception that the south shore of Nova Scotia is far from a vacation retreat during the Canadian winter.

### Authors' Analysis

The Quarterdeck faces challenges that are common to independent hotels in steeply seasonal vacation destinations. Reaching prospective guests and identifying target markets are difficult—as is turning a seasonal resort into a year-round destination. Doug has a good understanding of his current customers, though his experience may also be limiting his view of the potential market and how best to drive demand throughout the year. Given the Quarterdeck's success during the summer, it is reasonable to assume that there is not a major problem with the product or the way it is priced during peak season. Doug needs to focus his efforts in four main areas: (1) clarifying target market segments for the Quarterdeck, (2) determining demand for the resort throughout the year, (3) creating product and price bundles to attract off-season travelers, and (4) selecting the most efficient and effective promotion tools for communicating with past and prospective guests.

### Market Analysis

Doug's (and his staff's) knowledge of his customers provides a solid place to

start market analysis for the Quarterdeck. From this foundation, Doug can estimate market demand using secondary data, as well as create a more detailed profile of the Quarterdeck's market using primary research. Key, though, is that the Quarterdeck's management must move beyond its experience and consider more systematic methods for better identifying and understanding customers.

*Identifying target customers.* Small hotels like the Quarterdeck have the opportunity to get to know guests through normal, daily interaction. That process, however, can be hit and miss. While the staff knows a great deal about certain guests, the Quarterdeck has had no formal effort to create customer profiles beyond the fact that they are all relatively affluent, let alone to capture information about guests for more systematic analysis. Doug feels that demographic segmentation is less relevant for his guests due to the wide variation in the demographic segments that the Quarterdeck attracts. Young families often share the resort with wealthy retirees, and couples on romantic retreats may follow multigenerational family reunions. One apparent commonality to Quarterdeck guests is the desire to escape hectic lives and relax with no distractions but the marvelous Atlantic Ocean. This means that Doug could segment his customers based on psychographics (lifestyle) or behavioral factors.

To investigate why guests select the Quarterdeck, Doug should remind his staff to ask them (a question that is rarely posed). Even so, such a straightforward approach may not encourage guests to reveal what prompted their visit. Doug must train staff members to recognize unstated needs and tap into the underlying factors that shape guests' preferences, especially by noting motivations that may be expressed in informal conversation or behavior (Kwortnik 2003). For example, a guest who says she is coming for a peaceful break may be basing

her attachment to the Quarterdeck on nostalgia. By recognizing and recording this type of information in the guest database, the Quarterdeck can form an experiential guest profile. This profile can be enhanced with information about guests' lifestyle and behavioral characteristics (e.g., whether they participate in water sports, enjoy fishing and cooking their catch, or visit for an annual family gathering). With richer information about customers, Doug will gain a more clear understanding of the desired "Quarterdeck experience" beyond the arbitrarily chosen "spoil yourself" theme.

### Market Demand

*Secondary data sources.* Doug needs to estimate demand for the Quarterdeck, so that he can decide how to operate in the off-season and determine whether to expand the property. Secondary research using existing data sources often can provide some insight. A number of web sites give demand information for the south shore, and the government of Nova Scotia provides hoteliers in the province with the *Tourism Insights* report, which contains statistics on occupancy rates and room-nights sold for the region.<sup>14</sup> However, the demand question flows directly from the need for a clarified picture of who the target customer is or should be. We know that the Quarterdeck attracts people of different ages and from different geographic regions. Most guests are Canadian, two out of three come from the Maritime Provinces, and more than half are from Nova Scotia (see Exhibit 4). Most high-season guests are relatively affluent and are able to afford the Quarterdeck's prices. Based on just this information, we can use the Canadian census to explore the

market that fits the Quarterdeck customer's geographic and socioeconomic profile. The census shows that the province of Nova Scotia is home to 17,110 people who report incomes greater than \$75,000 (the top bracket in the census income category), and the majority of these people reside in the Halifax area.<sup>15</sup> Not everyone in this market would be a potential guest, of course, but given the small size of the Quarterdeck (thirteen rooms and 1,963 total available room-nights from November to March; sixteen rooms and 3,424 available room-nights from April to October), we believe that adequate demand exists.

*Internal data sources.* Census and other secondary data reveal a market with sufficient size, though this information tells us little about the extent of guests' interest in staying at a Quarterdeck facility that is located across the highway rather than on the beach, or their interest in cold-weather visits. Doug does have several internal data sources that provide some insight for these questions. For example, the source-market data (Exhibit 4) show that a majority of guests drive fewer than four hours to get to the property. That said, 15 percent of guests come all the way from Ontario—a minimum twenty-hour drive. Examining these data by month reveals that off-season guests are mostly from nearby. Analysis of occupancy data and year-to-year changes are also potentially revealing. For example, off-peak occupancy increased 30 percent from 2004 to 2005 (Exhibit 3). In the future, the Quarterdeck should track turnaways (people who arrive without reservations and cannot be accommodated) and unfulfilled inquiries (reservation requests by phone or e-mail that are declined), as well as general inquiries

14. Government of Nova Scotia, "Tourism Insights," January 1, 2006, [www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?siteid=1&lang=1&id=1](http://www.gov.ns.ca/dtc/pubs/insights/AbsPage.aspx?siteid=1&lang=1&id=1) (accessed July 26, 2006).

15. Statistics Canada, "Earnings of Canadians," August 13, 2004, [www12.statcan.ca/english/census01/products/highlight/Earnings/Page.cfm?Lang=E&Geo=CMA&Code=0&View=1b&Table=4a&StartRec=1&Sort=2&B1=Both&B2=Total](http://www12.statcan.ca/english/census01/products/highlight/Earnings/Page.cfm?Lang=E&Geo=CMA&Code=0&View=1b&Table=4a&StartRec=1&Sort=2&B1=Both&B2=Total) (accessed May 28, 2006).



(people who are interested enough to request information). Each of these factors indicates potential demand for the Quarterdeck.

*Primary data collection.* While secondary and internal data sources can indicate market demand, primary research is often needed to answer specific questions. Because the Quarterdeck has a current, accurate database, Doug can query past guests through a survey, as well as poll current guests during their stay. Initially, the Quarterdeck will have to conduct the survey by regular mail, as the database does not contain e-mail addresses for guests who stayed at the hotel before 2006. For the future, we recommend using e-mail to invite guests to fill out web-based surveys, which are less costly and more efficient than mail surveys. While we believe that guests would willingly participate in research and share personal information and opinions due to ties to the staff and hotel, we strongly suggest that Doug conduct permission-based market research by asking guests for their permission to contact them in the future.

By surveying past guests and inquiring about their willingness to visit during the off-season or to stay at a prospective new Quarterdeck facility (and at what price points), Doug can obtain a more precise demand estimate. He could also ask about guests' interests in special activities, in part to establish a customer-relationship management (CRM) system to support existing relationships the staff have with guests. Presently, the Quarterdeck collects some data about guests (e.g., anniversary or birth dates, referral information, and general contact information), although specific preferences (e.g., activity, dining, or desired room amenities) are not systematically captured for relationship marketing efforts. The guest database could be adapted to manage this type

of information. Although past guests receive chocolates, a bottle of wine, and a personal note welcoming them back (which most guests appreciate), the Quarterdeck could instead tailor these gifts to align with guest preferences. The more immediate benefit of turning the database into a tool for CRM would come from tracking guests' activities and interests to help with the design of preference-based vacation packages.

## Product and Price Bundles

Stimulating demand during the off-season requires an understanding of what motivates guests to visit the Quarterdeck in the off-season. Doug and his staff must also be creative in developing demand generators without government or tourist bureau assistance. Other seasonal resorts in the Maritimes might provide inspiration. For example, Fairmont's Algonquin Hotel in St. Andrews by the Sea, New Brunswick, proposes the following attractions for winter guests:

Snowshoe romps, cozy fireplace chats, in-room movies for the occasional blustery winter night. We have everything you need for a winter retreat. Local nature trails are cleared for walking, snowshoeing, or skiing, and local dining and shopping is available.<sup>16</sup>

The Quarterdeck's winter guests could enjoy similar activities, but not all such activities have been developed or communicated to guests. At the moment, the Quarterdeck offers a romantic getaway and a kayaking adventure. Both packages include two nights' accommodations in a villa, a meal in the restaurant, and a lunch. (The kayaking package also includes a guide.) The Quarterdeck might promote fall foliage on the south shore's Lighthouse Route, just as the Cabot Trail, at the other

16. *The Fairmont Algonquin*, April 30, 2006; [www.fairmont.com/algonquin/](http://www.fairmont.com/algonquin/).

end of Nova Scotia, is promoted. Doug could design a driving tour for guests that includes a personalized itinerary, en-route dining reservations, and lodging as part of a special fall-foliage package. Similarly, the Quarterdeck is close to former rail lines that have been turned into nature trails, which can be used for cross-country skiing and snowshoeing. Doug could create a winter sports package that includes use of winter sports gear, and he could promote the Quarterdeck's presence next to the trails for those who seek such trails.

Doug might create a family retreat package that focuses on spending "quality time" away from computers, phones, and schedules. Other packages might revolve around hobbies (e.g., antiques, winter fishing, photography). In particular, Doug is friendly with a famous watercolor artist who lives nearby, as well as a local landscape gardener who offers clay-statue classes during the winter. Doug could enlist these artists to offer classes that he could include in packages for guests. Finally, Doug might create a package based on nothing at all, such as a "winter solace package" that highlights the serenity and beauty of the ocean—perhaps bundled with spa-like elements (such as massage treatments, aromatherapy candles, and soothing music).

Closing the restaurant constrains Doug's ability to develop off-season vacation packages. Although guests can drive to a nearby town to purchase groceries, asking them to cook in their villas is inconsistent with the Quarterdeck's image as a luxury experience. We believe that this weakness can be turned into an opportunity. Doug could hire out-of-work restaurant staff members to facilitate an alternative food-and-beverage experience. For example, guests could provide a shopping list and food-service workers could stock the guests' villa for them before they arrive. A variation on this idea would be to create a menu of dishes (e.g., ready-to-eat meals) that could be delivered hot or

finished in the villas' kitchens. Another idea that emerged from guest interviews and feedback is to have a Quarterdeck chef cook meals for guests in their villa. Because occupancies are typically low, especially in the winter, it would be possible to offer "private chef" packages for guests who want a getaway experience (including a getaway from cooking).

The development of integrated product bundles offers several benefits in addition to the potential to improve off-season demand. Integrated-product bundles coordinate products or services that enhance the customer's experience (Carroll, Kwornik, and Rose 2006; Stremersch and Tellis 2002). These packages represent value-added bundles that should obviate price discounting.

Currently, the Quarterdeck only offers concessionary price packages during the off-season (those being a reduced-rate package and the "stay two nights, get the third night free" promotion). While these packages protect price integrity better than do steep price discounts, they nevertheless focus attention on prices, instead of the lodging experience itself. Ultimately, interest in the vacation packages—as well as ideas for new package concepts—should be based on guests' desires and tested through research. This might be done simply with surveys that describe package concepts and inquire about the level of guests' interest, or with more sophisticated methods, such as discrete-choice analysis, which can reveal desired features and feature combinations in product bundles (for an excellent discussion of discrete-choice analysis and customer-choice modeling, see Verma and Plaschka 2003; Verma, Plaschka, and Louviere 2002).

### Marketing Communications for the Quarterdeck

*Print media.* In the 1990s, Doug spent \$35,000 on newspaper and magazine advertising as the main vehicle to generate awareness for the Quarterdeck, an expenditure he

believes was worthwhile. Currently, he spends less than \$4,000 on such advertising, and a number of these ads are specifically for the restaurant (one is placed in a motorcycle magazine to attract bikers during the summer). Perhaps it is not a surprise that the Quarterdeck's data indicate that this print advertising effort brings few people to the hotel. Less than 1 percent of all guests cite these advertisements as the way in which they heard about the Quarterdeck. We could not determine whether this tiny response is due to ineffectiveness of print advertising for this purpose, inadequate investment in print media, or unpersuasive advertising messages. While small display advertisements can be effective, the current budget allows for few advertisements. Advertising in the Halifax *Chronicle Herald*, the largest daily newspaper serving the Quarterdeck's primary market area,<sup>17</sup> for instance, costs \$250 for a 3 1/3 by 4 1/4 inch advertisement (roughly 1/16 of a page). At current budget levels, the Quarterdeck would only be able to run sixteen small advertisements in this newspaper—a level of repetition that is unlikely to draw awareness among target customers (Tellis 2004). We expect that the Quarterdeck would need to increase spending on print advertising to support the launch of off-season vacation packages, though any such effort should be tracked to determine incremental sales benefits.

*Public relations.* Article and feature placements facilitated by public relations offer the Quarterdeck an opportunity for low-cost media exposure. Stories about how a small-town resort is trying to become a winter destination through novel vacation packages could be well received by the media. Doug might also develop general

interest stories about the history of the Quarterdeck. To be successful, public relations requires a concerted and consistent effort to cultivate media contacts and to generate stories that are truly newsworthy (at least in the news editors' view). Though public relations can be low-cost because it does not involve buying air time or print-media space, it still involves time and effort. The process includes crafting timely, interesting press releases, following up with media contacts to fan their curiosity, and enabling these contacts to experience the Quarterdeck firsthand.

*Direct marketing.* Another approach to promoting the Quarterdeck involves direct marketing. This would be most effective after primary research was complete and Doug had a more precise profile of target customers and their characteristics. Based on target profiles, the Quarterdeck could contract with a direct-marketing firm to purchase or rent lists and create the mailer. However, given that 14 to 19 percent of the Quarterdeck's recent customers were referred by friends or relatives, a more effective and efficient approach to direct-mail prospecting would involve past guests as marketers for the hotel. This is especially true since commercial lists, though they are well constructed, usually yield tiny response levels. Instead, the Quarterdeck could build its own mail list of likely prospects by asking guests for referral names and contact information. To reciprocate, Doug should offer something of value for the referral, such as a gift memento or bottle of wine. In addition, if the referred guest eventually visited the Quarterdeck, Doug might offer something of even greater value to the guest who made the referral, such as a complementary dinner or priority high-season

17. Daily circulation of around 114,000, with circulation of the Sunday *Herald* of around 68,000; [www.thechronicleherald.ca/services/aboutus.html](http://www.thechronicleherald.ca/services/aboutus.html).

booking when the guest returns. Key to this approach, though, is that any mail solicitation would reflect the Quarterdeck's intended image. That is, the communication to the prospect should mirror the Quarterdeck's personalized service style and charm. The piece might, for instance, include a handwritten invitation from Doug. This would maintain the personal touch the Quarterdeck values and the level of customization Quarterdeck guests expect.

*Internet marketing.* Based on our analysis, we believe the internet offers considerable opportunities for the Quarterdeck to expand its promotional reach and enhance its brand message. In 2005, less than 5 percent of guests said the internet was how they heard about the Quarterdeck—and less than 1 percent identified the Quarterdeck's web site as a main source for information. Our research revealed several problems with the Quarterdeck's web strategy. First, web searches using keywords such as "Nova Scotia beach resorts" or similar terms fail to turn up the Quarterdeck's web site on the first three pages of search results. That is true even though its nearby competitor, the White Point Lodge, consistently appears on the first page—and as the first listing on some searches. On the other hand, a search using the keywords "Nova Scotia beachside villas" does return the Quarterdeck as the top search result. This finding indicates that the Quarterdeck web site is not optimized for search engines. At a minimum, the site should be redesigned to contain more of the keywords that web searchers are most likely to use, such as "resort," rather than "villas." Doug might consider bidding on keywords to better ensure that the Quarterdeck shows up on searches—and higher in the search results.

Before he spends money on keywords, however, Doug needs to address his web site. Once web users do find the Quarterdeck's site, its "virtual experience" needs work (see Exhibit 7). Noted one advertising executive who reviewed the site as part of this analysis,

"The site fails to convey the kind of experiences guests of the Quarterdeck can expect there." There are few images of guests engaged in the many delightful activities available at the Quarterdeck—bodyboarding and kayaking in the surf, strolling along the beach at sunset, winter cross-country skiing, enjoying a romantic dinner in the Grill, celebrating a family gathering with a beach picnic, or sipping hot chocolate by a warm fire in the villa. Self-relevant imagery is critical for triggering emotions and helping people to vicariously experience (or reexperience) their vacation. That said, however, any images should be aligned with guests' needs and wants for the Quarterdeck experience. Without research-based insights into what motivates guests to come to the hotel—year after year—Doug is left guessing about appropriate imagery to feature on the web site. For example, if his research were to reveal that guests viewed the Quarterdeck as their own private beach retreat for family vacations (a theme evident in our exploratory research), the web site's images should highlight family activities and togetherness.

A related idea is to promote the emotional attachment that repeat guests report feeling for the Quarterdeck and its staff by creating a "Quarterdeck Family" section on the web site where guests can post their vacation photographs and stories. The web has made possible virtual tourism communities, in which active and armchair tourists exchange information and travel tips, find like-minded travelers, and engage in vicarious vacationing by reading travel narratives (Wang, Yu, and Fesenmaier 2002). Indeed, a few Quarterdeck guests have posted their opinions about their experience on the travel web site TripAdvisor.com. For example, one guest wrote,

This location is perfect for a romantic getaway. It's perfect for someone who wants to get away from it all. You can walk on the beach . . . watch a sunrise or a spectacular sunset or explore some of the coastal



**Exhibit 7:**Quarterdeck Web Site Home Page ([www.quarterdeck.ns.ca](http://www.quarterdeck.ns.ca))

*Are you ready to spoil yourself? Then welcome!*

**The Quarterdeck Beachside Villas & Grill.**

Imagine strolling along a mile-long white sand beach, the sky pure blue, the ocean gently lapping the shoreline, in rhythm to your heart.

Imagine relaxing in a luxurious Villa that nests right on the beach, moments after a refreshing jacuzzi. Stars twinkle in the calming, coastal night sky.

Imagine feasting on the freshest Nova Scotia seafood while sipping fine Chardonnay followed by an authentic Nova Scotia blueberry cobbler.

You're miles from the ordinary.

You're a guest at The Quarterdeck Beachside Villas & Grill on Spectacular Summerville Beach. And you're ready to be spoiled!

villages for unique vistas, friendly people, and shopping for local crafts. It's a nature lover's paradise. A hikers' and kayakers' mecca, with Kejimikujik National Park and the Seaside Adjunct Park just a short drive away. There you can kayak, walk the shore

trails, and you can even watch the seals basking on the rocks . . . not far away. You can surf at White Point Beach or you can just chill on your deck with a good book and a lime daiquiri . . . listening to the waves rolling in. . . . As you can see I love this place.<sup>18</sup>

18. TripAdvisor.com, "Quarterdeck Beachside Villas and Grill"; TripAdvisor.com, Nova Scotia: "Quarterdeck Beachside Villas & Grill, A Wonderful Place to Stay," June 14, 2005; A TripAdvisor Member, Riverview, N.B.; [www.tripadvisor.com/ShowUserReviews-g154967-d569290-r3554656-Quarterdeck\\_Beachside\\_Villas\\_and\\_Grill-Nova\\_Scotia.html](http://www.tripadvisor.com/ShowUserReviews-g154967-d569290-r3554656-Quarterdeck_Beachside_Villas_and_Grill-Nova_Scotia.html) (accessed September 22, 2006).

Enabling guests to become part of a Quarterdeck virtual community should enhance loyalty because guests will feel that they are part of a “family” or “club” (Oliver 1999). Beyond that, pictures and vacation diaries can serve as memory cues that may encourage guests to return, or influence new guests to try the resort. Narratives based on guests’ actual experience can echo and support the Quarterdeck’s marketing communication. Finally, this imagery may influence prospective guests who look to the first-hand experiences of others as a source of information to inform their own preferences. Ultimately, a guest-driven section of the Quarterdeck web site can make the site the guests’ own—reflecting the way that they feel about the Quarterdeck itself.

### Implications for Hospitality Management

The challenges and opportunities revealed in the case of the Quarterdeck are no doubt familiar to managers of seasonal hospitality operations. The marketing strategies identified in the case and our analysis should be applicable to small resort hotels in many locations. Doug and his Quarterdeck staff have done many things well through the years, not the least of which is to deliver a highly rated resort experience that engenders devotion and loyalty from repeat guests. One important lesson from this case certainly should be that the foundation of most any successful hospitality enterprise is highly satisfied customers who become committed to the organization and its people (Mattila 2001; Price and Arnould 1999). Still, hospitality firms cannot rely on the loyalty and benevolence of guests, especially when marketing objectives involve growing traffic and revenues both in the off-season and year-round. The Quarterdeck must build on its existing customer relationships to encourage loyal customers to patronize the resort

more often—and encourage potential guests to do the same.

The Quarterdeck’s marketing-information system is unusual for a small company. Particularly notable is its guest database, which Doug has enriched over time with increasingly detailed customer data (notably, e-mail addresses, guests’ home locations, and how guests heard about the hotel). Using just this information, Doug can derive insights about the Quarterdeck’s target market and the effectiveness of his marketing communications strategies. In turn, these insights provide direction for future marketing efforts. For example, we conclude that the Quarterdeck should focus marketing resources on strategies that encourage guests to become word-of-mouth marketers for the hotel. Rewards for referrals are one tactic in support of this strategy, but so is an enhanced web site that integrates guests’ vacation images and stories, as well as efforts to develop off-season vacation packages and include personal touches based on their vacation preferences.

Adding value for guests by delivering a more personalized experience can reduce the need to offer deals to drive demand. However, this strategy requires a systematic approach for identifying guests’ needs, wants, and desires. The Quarterdeck is in a position to create considerable value for its guests. Its database can serve as a repository for information about guests, and constancy of staff and guests means that knowledge already exists about why guests come to the Quarterdeck and what they value most about the experience. Yet the challenge for the Quarterdeck, as with all hospitality companies, is how to turn this tacit knowledge into information that can be captured, codified, and analyzed for input to marketing decisions and operating policies. This requires not only a system for observing and analyzing guests’ behavior to better understand



their preferences and the meanings they attach to their hospitality experiences, but also active primary research to enrich this understanding—for example, to find out what elements of a family retreat or romantic getaway at the Quarterdeck make the experience special. We believe that hospitality managers who can tap into guests' desires at that level are positioned to create experiential-product bundles—as well as marketing messages—that can mitigate the typical effects of seasonality on demand and instead drive demand and enhance guest satisfaction year-round.

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