

Hotel Owners and Operators Expecting Higher Yield from Increases in More Personalized, Direct Selling Expenses

By David M. Brudney, ISHC, December 2007

“If you’re selling a service, you’re selling a relationship”

Harry Beckwith

While sales and marketing-related labor costs have experienced moderate growth and advertising has declined, more dollars are being directed to “Selling” expenses, according to a recent article by PKF Consulting (“Focus of Hotel Sales Personnel to Shift from Selling Room Nights to Capturing More Dollars”, by Robert Mandelbaum and Viet Vo).

“Selling” expenses - - trade shows, travel, and prospect and client entertainment - - grew 9.2 percent in 2006, by far the largest increase of all major cost categories for sales and marketing departments, according to the PKF article.

What this information suggests is that maybe hotel owners and operators have rediscovered the importance and value of more personalized direct selling as a means to increasing revenue through higher average daily rates.

And doesn’t it suggest also that after investing millions of dollars in new technology, embracing state-of-the-art CRM, Sales and catering software and group database programs, managing the Internet distribution channels better and creating powerful, interactive websites and blogs, focus may be shifting now from technology based selling back to relationship based selling?

If so, hallelujah! A primary message repeated in so many past articles of mine has been the concern I have over an entire new generation of hospitality sales professionals that have mastered the art of technology based selling while forsaking the timeless skills required in relationship based selling.

“Only a computer wants to do business with another computer. People respond to people”

Harvey Mackay

We've created a generation that prefers e-mails over phone calls, text messaging over personal sales calls and computer time over trade shows and travel.

E-mails and text messaging have become a necessity in all of our business and social lives. No argument here.

But today's direct sales teams must be adept at leveraging the value and impact of all of these communication and data exchange tools - - technology and relationship based - - and understand when and where best to employ each.

Now that hotels have re-staffed their sales force "in an effort to capture group business and implement yield management strategies," according to PKF, I believe that owners, asset managers and operators will be looking to the direct sales teams to drive even higher group room rates in 2008.

This will pose no small challenge now with supply having caught up with demand and meeting planners, eager for the pendulum to swing back to more of a buyers' market, having grown tired of paying top rates with fewer options.

Owners and operators' expectations will be high and scrutiny will be intense. There will be little, if any, patience or tolerance for direct sales teams that continue discounting practices to book group business.

Will direct sales teams respond to the challenge? Have too many become too comfortable during the prolonged sellers' market of recent years? Have too many become too reactive and less proactive? Have too many lost that selling "edge"?

The true test might be which sales departments have the experience and skills required to capture higher rates? Which sales teams have benefitted from management's commitment to advanced professional sales training during the recent span of high profits?

Let the real selling begin. 2008 should be an interesting year.

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