

Hotel Management
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Sales Clinic column
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BUSINESS IS GETTING BETTER, SO LET'S MAKE SURE THE RATES GET BACK UP

It is time to do our marketing plans again, with sales and marketing directors dusting off last year's plan to figure out what is to be done to improve business next year. It seems that top priority may want to be given to gathering the information to help determine what could be done, and what will be the strategies to improve ADR.

According to TravelClick's July 2011 North American Hospitality Review, average daily rate (ADR), rather than occupancy, will be the key driver in increasing revenue per available room (RevPAR) for hotels in the upcoming year. These factors are ultimately fueling growth in the industry, as the review shows that RevPAR has consistently improved for the past 18 months. Additionally, demand for the midscale hotel market is beginning to return. Since the luxury market has seen the most growth since the recession 'ended,' the uptick in the midscale market is a very positive sign.

So, it looks like the job that needs to be done rests in arms of the properties' sales departments. A big part of the marketing plan for next year could very well be the Sales Action Plan. In putting together this plan, sales staffers first need to do the research to determine a number of things. By taking a look at the appropriate figures, a determination needs to be made in deciding which markets have been the best, based on their ADR. How much dollar business was generated from each of these markets against total dollar room sales for the property. The idea, of course, would be to consider the best markets (based on ADR) to go after in the coming year. A determination would be made on a goal of increased dollar revenue for each market segment selected. Once the goals are set, the sales staffers need to come up with various strategies necessary to reach the goal within the year. The next step would be to document the strategies with a listing of who would do what in performance of the strategies.

One other thing that needs to be considered is the cost of performing the activities necessary. It would be appropriate to set a percentage of the goal that could be allotted as expense for activities. For example, if participating in certain, appropriate Trade Shows was a strategy in getting more business from a selected market segment, then the cost for this activity probably should not be more that 10% of the expected revenue generated in forthcoming business from that segment.

A form for each strategy should be designed to cover each activity, and listing: who will do what, when will it would be done, and accomplished, expected revenue generated by the activity, and cost. For a sample form, which could be used as a guideline, send an email to howardf@vt.edu