

# Hotel Sales: “Why Do Our Rates Change? We Discount When It’s Slower!”

By Doug Kennedy

3 min0 Comments



Every day your hotel sales, reservations and front desk colleagues are fielding questions from both prospects and guests regarding why it is that the rates are so much higher during certain periods as compared to other dates.

For convention hotels, the question might be "Why are the rates so much higher in mid-October than July?" For the catering sales manager the question is: "Why is the F&B minimum spend for my wedding so much higher on a Saturday in May or June?" For beach resorts the rate objection is "Why are rates higher for July 4th?" At mountain ski resorts it's the opposite, as most rate objections occur for Presidents Day and Valentine's Day periods. At corporate, urban hotels meeting planners and guests are asking why rates are higher Tuesday and Wednesday nights, but in Las Vegas, Gatlinburg, and Branson, MO they ask why rates are higher on the weekends.

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Indeed, the specifics of the questions being asked vary according to who is asking it and by what type of lodging company it is being asked of. Yet for as long as I can remember, the basic explanation provided by the hotel sales or front desk colleague is essentially the same: "Rates go up during periods of peak demand."

Again the specifics of what is said vary slightly: "October is our busiest month for conventions so the rates are higher..." or "July 4th is the most popular beach holiday so our rates go up..." or "Most brides want to be married in May, so we have higher minimums..." or "Tuesdays and Wednesdays are the busiest nights so rates go up due to high occupancy."

Yet when you think about it, offering this type explanation is essentially defending one of the fundamental laws of capitalism; supply and demand. We might as well tell them the whole truth and nothing but the truth: "Actually, sir, the rate goes up due to what our revenue manager calls compressed demand. When that happens, she really pushes rate so that we can maximize RevPAR, which is "revenue per available room." This helps our company generate the most ROI, which is return on investment, so our owners can make the most profit off of guests like you!"

Okay, so this is all true, but do we REALLY want to say this? There is another way of explaining why rates change that is *equally* as true, but which sure sounds much better to the listener. To use an idiom that is now in popular usage in the political news, today's sales and front desk colleagues should use "alternative facts" in providing an explanation which is every bit as true.

It is true that we do charge more for meeting space and guest rooms when it is busy; yet it is every bit as equally true that we also discount when it's slow! Further, and also very true, smart hospitality salespeople are very happy to help the buyer find discounted rates if their plans are flexible. Your revenue manager will LOVE you if you do! RM's

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love elastic demand that can be stretched to move over during periods of moderate or low occupancy. Any hotel can sell out when demand is strong; the best hotel sales and revenue managers do all they can to encourage those who are flexible to move to alternative dates by luring them with lower rates and more concessions, helping to optimize revenue and fully actualize potential.

Whether you work in sales, catering sales, room reservations or at the front desk, you just have to re-program your mind to change-up the way you explain rate variance. It does take some practice. So the next time a guest or sales prospect says "Why are the rates so much higher during this time?" just respond by saying "During times like these (*when its busy season, busy night of week, etc...*) our normal rates apply; however we do offer discounts during slower periods." Here are some specific examples of how to use these "alternative fact" based explanations:

Weddings: "Saturdays in May are the most popular for weddings so our normal rates and f&b minimums apply; however if your plans are flexible at all, we have some incredibly value-priced options for Sunday weddings or if you would consider April or October."

Corporate guests at front desk: "During your last stay you were with us on a Sunday and Monday, and on slower nights like those we are often able to extend lower rates. However on Tuesdays our normal rates apply."

Convention planners: "October is of course a peak time for associations to hold their annual conferences and so our normal rates apply; however if your group is flexible at all, I would be happy to check to see if we have any gap dates during which we can offer you some special rates."

Room reservations: "July is a wonderful time to visit the beach and also the most popular. If your vacation plans are flexible, I would love to search some other dates for you. For example, we have some terrific package deals for the first week of June and the last week of August."