

The Contingency Hotel Sales and Marketing Plan - Hope for the Best, Plan for the Worst - By Carol Verret
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In this economic climate, there are hotels that will continue to generate revenue and those that will generate excuses. What will be the difference - those hotels that develop contingency plans with measurable 'triggers' versus those that sit by and watch the economy take its toll on their revenue base.

Most hotels' sales and marketing plans were completed prior to the accelerated downturn of Q4 last year. "The central bank said it now sees the economy growing at a rate between 1.3% to 2% this year, down from its previous forecast from October of growth between 1.8% and 2.5% for 2008." (CNN, 02/20/08).

If that wasn't bad enough it also predicts that "...it expects the unemployment rate for the year to be between 5.2% and 5.3%, up from the 4.8 % to 4.9% range previously given." Why is this important? When unemployment begins to be an issue combined with the crisis in the housing market and decreasing home values, disposable income drops and travel becomes more constrained.

Corporations are examining their travel policies to reduce the number and/or size of meetings and reducing unnecessary travel. Smith Travels' latest statistics for the week of February 9 for the entire US market reflect a decrease in demand of 4% while ADRs increased by 4.8% resulting in a REVPAR increase of .8%

Even Wendy's rolled out its contingency plan to counteract more cost conscious consumers by increasing its dollar menu and adding low cost wraps. What are you doing to insulate yourself from economic downturns in your key market segments?

If you have a hotel in a market that is doing well, don't become complacent. There is normally a lag time before the impact of declining economic indices is felt. Perhaps the hotel's market will remain insulated from the declining economic indicators - tech stocks and related industries are in a market sector that's thriving. However, better to have a plan in place with actionable triggers and not need it than not to have one in place if the market goes soft.

What are the elements of a sales and marketing contingency plan?

Monitor all market segments that could be impacted. RSS feeds give you instant up to date access to economic news. For example, the Sharper Image filed for Chapter 11 Bankruptcy the day I am writing this newsletter. GMAC announced an hour ago that they will close 15 of their 20 North American offices an hour ago. How are you staying on top of developments at your large accounts?

Develop a plan on how to counteract similar situations with your top accounts. Sharper Image filing Chapter 11 - who thought that would happen? Don't wait for it to happen -develop a plan with actionable steps on how you would counter the loss or cutbacks in primary accounts through other sales and marketing initiatives. For example, if a major account drops 5% (the measurable 'trigger') in production, which smaller higher rated accounts that may have been displaced by the discounted RFPS can you pursue?

Check in with groups on the books. For both corporate and SMERFE groups, check in and see how their attendance is shaping up. Don't wait for them to call you with room block reductions and/or cancellations. Develop an action plan to replace lost revenue on a short term basis if necessary - ecommerce initiatives offer excellent opportunities to do this.

Every contingency plan needs measurable 'triggers'. This means that if a large account reduces production by X%, you will pull the trigger on a plan to replace it. The same with groups, if a group of X number of rooms cancels, have an ecommerce plan in place ready to go to replace the revenue and rooms.

Treat every inquiry and RFP like gold. Inquiries are an opportunity to have an introduction to an organization or company that you may not have known about otherwise. The inquiry isn't just about the event that they are inquiring for, it is an opportunity to qualify an account for additional business.

Resist the urge to cut the training budget. This economic downturn has come on relatively suddenly after a prolonged period of relative prosperity. This means that you may have sales people that have only known the good times and may not have the skill sets to sell effectively for the difficult times. Tom Peters wrote that the average company in North America only spends 26 hours on training per year per employee and that it is difficult to develop champions on that training schedule. Do you think Tiger Woods only practices 26 hours a year?

The economic ugliness is expected to linger until sometime in 2009 according to the Bloomberg report. Take the steps to protect your revenue base and enable contingency strategies to thrive in a down economy. Heroes are developed in tough times not in good times - generate revenue not excuses!

Carol Verret and Associates is offering a series of public hotel sales seminars nationwide this year in response to growing demand from the hotel community. For more information on where they are to be held or how your hotel or management company can sponsor one, email Carol at carol@carolverret.com or call (303) 618-4065.

Carol Verret And Associates Consulting and Training offers training services and consulting in the areas of sales, revenue management and customer service primarily but not exclusively to the hospitality industry. To find out more about the company click on www.carolverret.com. To contact Carol send her an email at carol@carolverret.com or she can be reached by cell phone (303) 618-4065. Visit www.hotelsalesblog.com.

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