

The Science of Hotel Sales - The Benchmarking Imperative for Success in a Difficult Economy - By  
Carol Verret  
2008-07-29

---

This topic may not rate high on the 'sexiness' meter in a period where hotels are frantically seeking new strategies to generate demand but managers and owners will love it as it gives them information they need to evaluate sales strategies!

It is imperative that we focus on new strategies based upon changing habits in the consumer's travel buying behavior. The question is how will the implementation of these strategies be measured in order to evaluate their effectiveness?

The hotel industry in general has not been as systematic as many industries in goal setting and measuring the sales activity of hotel sales departments. Most sales driven industries have benchmarking mechanisms in place to evaluate the success of marketing and sale strategies.

In an ideal world, marketing drives the customer to a lead generation source, the leads are then picked up by the sales team and developed into 'buys'. The measurement of the success of the strategy lies in the number of leads generated at the channel level and the quality of those leads is evaluated by the sales department's effectiveness in converting those to customers.

In many sales driven industries such as insurance, real estate, stock brokerage, etc., the sales person is responsible for generating a large proportion of those leads. Hotel sales falls somewhere in the middle - advertising and promotions can drive leads to revenue channels but at the same time, the sales department also needs to 'prospect' for new business within a strategic sector of the market.

How the sales activity of a hotel sales department is measured can indicate whether or not a marketing campaign or a sales strategy is producing the desired results. Far from being a punitive judgment on the sales team, it is a valuable tool to be able to say to management or marketing that the number of leads generated is inadequate to justify the marketing program or based upon the call activity to a certain market segment, it is not producing the level of interest that was previously anticipated in the strategy to pursue this segment.

However, the conversion of leads or the ability of a sales person to convert leads to customers may also depend upon the level of training that they receive. My first job in a 'sales driven' industry was the result of graduating from graduate school with a degree that guaranteed nothing more than a ride on the bus for a dollar. The only company that would hire me was a commission based life insurance company.

The company sent me and my fellow novices to training for three weeks before we were allowed to pick up a phone. After several months in the field, the call to appointment ratio was developed as well as our call to closing ratio. The assumption was that the more proficient we became in our sales skills, the lower the call to closing ratio would be. My call to appointment ratio started out at 26 to 1 and my call to closing ratio was 130 to one. That translates to 26 calls per day to get 5 appointments out of which would come one sale per week. Brutal!

The point of that story is that I became more proficient in finding qualified prospects and developing a relationship that would lead to a close as I progressed. I left the life insurance job when my commission account floated back up to zero. My first hotel sales job followed where I was able to succeed not because I was the sharpest tool in the box (I didn't even know what a room night was) but because I had been well trained and understood the importance of measuring the effectiveness of my own activity.

In tough economic times, it is imperative to measure the results of sales activity so we can measure the effectiveness of sales and marketing strategies:

**Call to Closing Ratio.** Measure all sales contacts, include the number of all sales contacts made over the course of the week or month, phone and email. Hotel Sales people sometimes make more servicing calls than necessary. Divide the number of calls by the number of contracts closed - that will give you're the 'call to closing ' ratio. Bear in mind that some market segments, such as SMERFE, require more calls.

**Average Group Size.** The average group size is important because the steps of the sales process are exactly the same for large groups as small ones. Take the number of contracts over the measurement period and divide that into the number of room nights. When we recently did this at a client's sales office, we found a surprising result - the SMERFE sales manager's average group was 35 rooms while the association and corporate sales managers rooms average between 15 and 25.

**Feed the Lead Pipeline.** One Director of Sales that I know did a very wise thing. One of the sales assistant's job duties includes spending 60% per cent of her time prospecting on the internet and locating the name and contact info for qualified contacts. These are passed on to the appropriate sales person to be developed. Sales people are best at selling - let someone else do the prospecting!

**Evaluate High Call to Closing Ratios.** If call to closing ratios remain persistently high there could be several reasons:

**The marketing strategy.** The way and to whom the hotel is being marketed may need to be adjusted

**The quality of the leads.** If your sales people are calling lists that begin with A and end with frustration look at the lead generation process.

**Skill Sets.** No one is born knowing how to sell (contrary to popular wisdom). They may need some support in their sales skills or need support in one area of the sales process - like closing.

In this economy, it may take two to three times the sales contacts just to generate the sales volume that the hotel enjoyed last year. The consequence of not knowing the 'Science of Sales' is frustration from qualified and skilled sales people who are not being supported by effective marketing strategies, pursuing the wrong prospects and/or not getting the sales skill set support that they need. Help them succeed!

*\* Credit for the phrase, The Science of Sales should be given to Doug Farrar of the Arbor Day Foundation who in his wisdom decided to give his excellent sales team support!*

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](mailto: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](http://www.carolverret.com). To contact Carol send her an email at [carol@carolverret.com](mailto:carol@carolverret.com) or she can be reached by cell phone (303) 618-4065. Visit [www.hotelsalesblog.com](http://www.hotelsalesblog.com).

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article33756.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)