



SMITH TRAVEL RESEARCH

Business Goes On...Hotel Sales Tips for an Uncertain Market

In a tough market, every room night counts. While this downturn may seem more painful than in the past, business goes on and you need to be out there. Here are several ideas to keep your sales efforts strong.

By: Leora Lanz - HVS New York, with contributions from Eydie Shapiro, Barbara Fischhof and Eve Harris - October 16, 2008

In a tough market, every room night counts.

These days, as we struggle with how to best market our hotels, do we continue to create promotions and spend money on advertising when customers simply aren't traveling? Do we advertise the way we normally would? Or do we lay low, ride out the storm and spend when things pick up?

We saw negative cycles during the Gulf War and after 9/11, when those hotels that were active in sales were the first to feel the positive impact of the upturn. Maybe they cut their advertising spend or specific areas of marketing budgets, but sales and promotional efforts remained active as they introduced new opportunities for clients.

While this downturn may seem more painful, business goes on and you need to be out there. Here are several ideas to keep your sales efforts strong:

DIRECT SALES & THE PERSONAL TOUCH:

Start calling customers to thank them for their stay and to see if there's anything you can do to enhance their next visit.

- ◆ Hotels can learn a great lesson in customer service from other industries, which make courtesy calls and practice personal outreach. "We noticed you returned something in September and just wanted to make sure you were happy and had the items you wanted. And...remember all our replacements for returns get free shipping, so when you want to reorder, just let us know and we'll waive the shipping." Your customers will certainly spread positive word of mouth about you when you make an effort like that.

- ◆ Build personal relationships with your customers. Stop emailing and pick up the phone to have an actual conversation with clients. Talk about what worked or didn't in the past and how you can gear up for next year. They'll appreciate the unexpected personal outreach.
- ◆ Now is the time for operating departments to put their sales hats on. Every manager in your hotel should contribute to the sales effort. Coach them on how to ask vendors where their company's managers stay when in town. Where do they hold meetings and holiday parties? Offer incentives for each piece of business that operations managers generate.

INCREASE PUBLIC RELATIONS EFFORTS:

The hotel business will always be a people business that relies heavily on personal relationships. With members of the media being bombarded with pitches from all sides, you may think that setting up face-to-face media visits is a public relations tool that has passed its time. But press visits are still a valuable tactic that can set the stage for building relationships and garnering significant coverage.

- ◆ Consider inviting travel writers to stay overnight and experience (or re-experience) your product first-hand – and reap the benefits of the resulting publicity. The Doubletree Hotel in Annapolis organized a press trip when it opened under a new flag and with an extensive renovation. Ultimately, the effort resulted in substantial editorial coverage in the hotel's feeder market cities. Hotel owners worked closely with the local CVB to organize activities for the media guests and the city reaped the benefits of press coverage as well.

Business Goes On..... (Cont'd)

- ◆ Various convention and tourist offices also organize press efforts each year – either with visits to media in different geographic markets, or targeting specific niche media. Partnering with them is always a good idea.

CREATE PACKAGES THAT HIGHLIGHT YOUR AMENITIES:

As travel patterns change, sales, marketing and public relations hotel activities need to be modified to appeal to travelers' specific needs. The media is not only interested in covering seasonal promotions that offer considerable savings, but packages that tie into a particular lifestyle or trend.

- ◆ For example, consider the popularity of traveling with pets. Various hotel brands have rolled out doggy welcome mats with creative amenities and packages. Components run the gamut from pet welcome amenity bags and special dog-friendly guestrooms, to pet entrees available from room service and other creature comforts.

DEVELOP PROMOTIONS TO REWARD YOUR GUESTS:

Create promotions and packages with value-adds worthy of a press release to post to your website and distribute with a wire service. It may even garner more results than a print ad.

- ◆ The Ramada Mall of America in Minneapolis and the Holiday Inn Express in Boynton Beach are each offering an "in-state resident rate" to encourage locals to visit on the weekends. In addition, the new Hotel Indigo Chicago-Vernon Hills, a suburban property, has positioned its indoor pool as a weekend escape for the local market. The hotel has also used local radio to get its name out there, create a "local resident rate" and encourage locals to visit.
- ◆ The new High Peaks Resort in Lake Placid helps air travelers by picking up their baggage fees to encourage them to stay at their hotel and not worry about the number of bags they travel with.

BE CREATIVE WITH YOUR WEBSITE AND ONLINE MARKETING:

Social blogs enable hotels to communicate to clients more frequently, obtain higher rankings, spend less money and have a higher ROI.

- ◆ Use social media to increase your website foot print. Create your own blog with newsworthy items posted on websites which link back to your hotel. If guests link back to your hotel, they can learn about packages and take advantage of special

rates offered. This will also enable the hotel to increase its database, which can, in turn, be used for email marketing campaigns.

- ◆ If your hotel is located in a destination which may have experienced a hurricane, tropical storm, or other act of nature, use this medium to communicate updates on your hotel so guests understand that the hotel is in good shape, or in the midst of clean up, etc.

CONDUCT SALES CALLS TO BUSINESSES IN YOUR OWN COMMUNITY:

Reach out to your local community to book wedding, family reunion and church meeting business.

- ◆ A limited service hotel in the South East U.S. recently sent its General Manager, Director of Sales and Executive Team to visit more than 200 retail stores, real estate and professional offices within a 3-day period. Every store or office manager that the hotel team met with received a basket of cookies and flyers promoting various rates and packages. They were also invited to attend a poolside cocktail party at the hotel the following week. Nearly 40 people attended the party and one guest immediately booked a wedding room block for an off peak month!

KEEP YOUR SALES TEAM MOTIVATED:

Motivating the sales team is important, particularly during a tough market when sales managers tend to receive more rejections than signed contracts from clients who have cut back on meetings and business travel.

- ◆ A franchised hotel in the Midwest recently instituted this incentive: The individual sales call quota for each month is 100 telemarketing calls. The Director of Sales challenged the team to increase their telemarketing calls by 25%. Each person who met or exceeded the goal would be awarded a 4th day off during the Memorial Day weekend. Everyone exceeded the goal, booked additional business and enjoyed an even longer holiday weekend!

Whether your hotel is located in a major metropolitan area or smaller suburban locale, is a resort or airport property, and whether you enjoy the benefits of cooperative marketing from your franchise or flag (and particularly if you are an independent hotel), be sure to use your creative selling thinking cap to stay vocal during this down cycle.

You'll be right up there at top of mind when the cycle turns. Let HVS Sales & Marketing Services assist you during these challenging times to prepare you for the up cycle. ▲

September 2008	Number of Rooms	Occupancy Rate (%)		Average Room Rates (in \$CAD)		RevPAR (in \$CAD)		Room Supply % chg	Room Demand % chg
		2008	2007	2008	2007	2008	2007		
Nova Scotia Area	1,199	62.3%	69.2%	\$99.93	\$100.86	\$62.26	\$69.80	1.6%	-8.6%
Halifax, NS	4,119	81.6%	87.4%	\$146.48	\$142.62	\$119.53	\$124.65	3.7%	-3.1%
Montreal Downtown	10,311	77.9%	81.6%	\$164.47	\$159.98	\$128.12	\$130.54	2.3%	-2.3%
Montreal Area	2,247	65.0%	70.1%	\$106.11	\$100.57	\$68.97	\$70.50	0.8%	-6.6%
Quebec City, QC	3,789	82.9%	71.0%	\$177.13	\$151.17	\$146.84	\$107.33	0.0%	16.8%
Quebec Area	4,550	61.7%	66.4%	\$135.88	\$133.52	\$83.84	\$88.66	-0.3%	-7.4%
Toronto Downtown	13,606	84.7%	84.8%	\$199.73	\$198.88	\$169.17	\$168.65	0.0%	-0.1%
Toronto North/East	6,640	69.6%	75.2%	\$120.53	\$116.93	\$83.89	\$87.93	2.0%	-5.6%
Toronto Airport/West	8,076	69.2%	75.9%	\$117.52	\$114.76	\$81.32	\$87.10	3.2%	-6.0%
Ottawa, ON	6,811	79.3%	80.2%	\$144.24	\$137.95	\$114.38	\$110.64	1.7%	0.5%
Ontario East	4,496	67.3%	71.7%	\$108.68	\$108.18	\$73.14	\$77.57	0.7%	-5.5%
Windsor/ Ontario SW	2,771	53.0%	63.0%	\$115.35	\$112.04	\$61.14	\$70.59	11.5%	-6.2%
London/ Kitchener	2,891	61.0%	66.8%	\$103.53	\$106.67	\$63.15	\$71.26	0.0%	-8.7%
Ontario North/ Thunder Bay	2,096	78.4%	78.0%	\$94.55	\$91.81	\$74.13	\$71.61	-0.3%	0.2%
Ontario NC/ Sudbury	4,548	69.4%	70.7%	\$114.89	\$114.21	\$79.73	\$80.75	0.6%	-1.2%
Niagara Falls, ON	9,750	69.1%	72.8%	\$129.25	\$143.41	\$89.31	\$104.40	-0.8%	-5.9%
Ontario Central	3,759	64.2%	69.0%	\$113.08	\$108.99	\$72.60	\$75.20	2.1%	-5.0%
Mississauga, ON	4,606	68.6%	72.0%	\$112.11	\$107.59	\$76.91	\$77.46	-0.5%	-5.0%
Winnipeg, MB	3,410	75.3%	69.6%	\$116.77	\$103.55	\$87.93	\$72.07	-3.8%	4.1%
Regina/Saskatoon, SK	2,309	75.7%	78.1%	\$111.43	\$104.02	\$84.35	\$81.24	3.8%	0.8%
Calgary, AB	8,425	80.0%	83.9%	\$154.71	\$147.25	\$123.77	\$123.54	0.9%	-3.8%
Edmonton, AB	8,553	78.7%	79.4%	\$127.54	\$119.82	\$100.37	\$95.14	5.0%	4.1%
Alberta North Area	3,461	73.6%	77.1%	\$168.24	\$171.46	\$123.82	\$132.20	3.3%	-1.4%
Alberta South Area	7,901	68.2%	74.5%	\$160.86	\$164.57	\$109.71	\$122.60	4.1%	-4.8%
Vancouver Downtown	8,069	84.7%	87.6%	\$186.72	\$185.42	\$158.15	\$162.43	0.0%	-3.3%
Vancouver/ Burnaby Area	1,680	74.9%	83.0%	\$130.67	\$125.39	\$97.87	\$104.07	-0.4%	-10.1%
Richmond-Surrey/ East Area	3,992	74.6%	82.5%	\$128.75	\$125.12	\$96.05	\$103.22	2.4%	-7.5%
British Columbia Area	5,903	59.9%	64.1%	\$134.15	\$132.89	\$80.36	\$85.18	0.2%	-6.4%
Kamloops/ Kelowna Area	4,784	65.3%	70.5%	\$117.17	\$113.76	\$76.51	\$80.20	0.7%	-6.7%
Vancouver Island	4,423	73.6%	79.6%	\$143.81	\$143.90	\$105.84	\$114.54	1.2%	-6.4%
Provinces									
Alberta	30,774	73.9%	76.6%	\$138.20	\$136.42	\$102.13	\$104.50	3.2%	-0.5%
British Columbia	30,502	67.6%	73.6%	\$129.99	\$126.11	\$87.87	\$92.82	0.8%	-7.4%
Manitoba	4,333	67.3%	66.4%	\$99.30	\$86.26	\$66.83	\$57.28	-2.0%	-0.6%
New Brunswick	4,522	58.6%	63.9%	\$103.30	\$100.24	\$60.53	\$64.05	6.1%	-2.7%
Newfoundland	1,833	81.8%	81.1%	\$120.33	\$113.26	\$98.43	\$91.85	0.5%	1.4%
Nova Scotia	5,318	71.3%	71.0%	\$126.50	\$122.57	\$90.19	\$87.02	2.5%	2.9%
Northwest Territories	124	INS	INS	INS	INS	INS	INS	INS	INS
Ontario	76,974	69.4%	73.9%	\$124.89	\$123.06	\$86.67	\$90.94	1.1%	-5.0%
Prince Edward Island	1,004	64.4%	67.7%	\$112.48	\$117.33	\$72.44	\$79.43	-0.6%	-5.3%
Quebec	26,093	70.3%	72.4%	\$126.28	\$120.65	\$88.77	\$87.35	1.1%	-1.7%
Saskatchewan	6,334	71.4%	68.9%	\$100.12	\$91.69	\$71.49	\$63.17	1.0%	4.8%
Yukon Territory	731	77.6%	67.5%	\$111.49	\$100.04	\$86.52	\$67.53	-3.2%	11.4%
Canada	188,542	68.8%	72.0%	\$124.56	\$120.48	\$85.70	\$86.75	1.4%	-3.0%

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DEFINITIONS

Occupancy:	Rooms sold divided by rooms available.
Room Revenue:	Total room revenue generated from the sale or rental of rooms.
Average Daily Rate (ADR):	Room revenue divided by rooms sold.
Room Revenue Per Available Room (RevPAR):	Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR).

*If you have any questions regarding this publication please send a message to bmacdonald@hvs.com
Web Site: <http://www.hvs.com>*

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Vancouver Office
Suite 400 - 145 West 17th Street
North Vancouver, BC
Canada BC V7M 3G4
(604) 988-9743
(604) 988-4625 fax

Toronto Office
6 Victoria Street
Toronto, ON
Canada M5E 1L4
(416) 686-2260
(416) 686-2264 fax

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OFFICE:
735 E. Main St.,
Hendersonville, TN 37075
(615) 824-8664



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OFFICE:
Anthony Pollard,
1206-130 Albert Street,
Ottawa, Ontario K1P 5G4
(613) 237-7149