

The Hotel Challenge to Manage Marketing Expenses What to Cut, What to Keep

- By Neil Salerno 03/03/09

This year, there are few things that are certain, but one thing is for sure, the travel business pie is shrinking. To compound the problem, so many people, in the business and public news media, are talking doom and gloom. I wish they would slow down their rhetoric, so we eternal optimists can take a long relaxing breath. I'm just concerned that too much talk of pending doom and gloom can become its own self-fulfilling prophesy.

Business will not be terrible for everyone, don't let yourself, or your staff, buy-into the recession woes. Travel will not come to a stop, business will simply be harder to find. We will have to work smarter and harder.

We will, most certainly, be challenged to do more with less, but we've been through times like this before. Sharp hoteliers will survive, even thrive, they always do. They survive because they make the good decisions necessary to grow their slice of the business pie, while others are left shouting that the sky is falling.

Last week, I was privileged to make a revenue management presentation at the Twentieth Anniversary Conference for Hilton's Homewood Suites.. I was totally thrilled to get a round of applause when I cautioned that hoteliers should stay optimistic and not buy-into all the recession hype. They get it. With that kind of positive attitude, the Homewood Suites team has obviously developed a winning posture among their properties. That will pay huge dividends in the days and months to come.

There will be opportunities to grow business during this downturn, but finding and acting upon those opportunities will depend upon the decisions hoteliers make. The recurring decisions, during times like this, are always centered around finding opportunities to make hotel operations as financially efficient as possible without negatively impacting service levels.

In addition, critical decisions will be made on sales and marketing activities and expenses. Reducing marketing expenses is far too easy for many hoteliers, after-all, marketing expenses translate to bottom-line dollars. Cutting sales dollars could be a big mistake. The problem is that reducing marketing expenses could be a death sentence for hotels in this new competitive environment.

Don't Look Now, But Your Competition is Growing

In tough times, the typical demarcation lines, which define competing hotels, tend to blend and overlap, putting hotels into direct rivalry with other hotels which would not normally be considered their competition. That high-end hotel down the street may now be after your business. This requires hoteliers to re-think their marketing plans and resist the urge to shoot themselves in the foot by cutting expenses when sales promotion is needed most.

Selling is easy, finding someone to sell is the difficult part of hotel sales. There is a classic anecdote, which says "The more people you talk to, the more business you will book." Years ago, I thought my boss made it up just to get me to make more sales calls, but it really works. I believe this is why Internet marketing works so well, world-wide exposure to more travelers.

Your hotel's presence on the Net will be more important this year. Leave room in that marketing budget for a fully searchable, fully sales optimized proprietary website. Nothing you can do will produce a faster or stronger return-on-your-investment. Nothing.

Take advantage of other forms of electronic marketing such as GDS marketing and getting closer to the third-party travel aggregators. The added market exposure will pay huge dividends down the road.

A direct sales effort is always important, but never more than now. Whether you have sales people or cover that area yourself, make sure that sufficient time is spent getting close to prospective group and corporate transient clients.

Hotel sales is not like a water faucet that you can turn on and off with quick results. Picture, instead, an old fashioned water pump, it takes time and effort to prime the pump before you see any water flow. If you stop pumping, the pump needs priming all over again.

There are many good reasons why it's a bad idea to cut dollars from your marketing budget this year, but, if you absolutely must cut corners, prioritize before you do. Please keep in mind that your sales effort is an investment in the future of your hotel.

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