

Convention Sales and Services

Third Edition

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Preface

Much has happened in the hotel-convention business since the first edition of this text. The industry has undergone many changes. More, perhaps, than in any similar period before it. If nothing else, the industry has achieved tremendous growth. Today the convention industry approaches \$45 billion annually and is growing steadily.

With so much happening it was not difficult to determine what needed updating. Over the years we have maintained file folders for each chapter of the text. Into them have gone trade journal articles, scraps from newspapers, student and instructor comments, book reviews and seminar notes. Each of these folders became the basis for revised data, new ideas, clarifications and reworked segments. Readers who are familiar with the book will find the basic outline unchanged although the contents have been updated substantially. New photos and forms highlight the revised content. Each chapter has been updated to reflect the latest in research and practice.

The first two editions of this book have been tested on the firing line in university classrooms and in hotel sales offices throughout the world and many ideas offered by early users have been incorporated into this edition. Most gratifying have been the critiques of seasoned industry profes-

sionals who have commented, "Yes, this is just the way it's done . . . large or small, those properties that are successful follow the procedures as layed out in your text."

It is hard to conceive of a new hotel going up today without plans for meeting facilities. However, the convention business requires more than just a physical plant. It is definitely a *people* business. The prizes go to those with the greatest expertise in the craft.

Convention Sales and Services was written to serve as a primer and guide for those who plan to be and those who already are involved in this exciting and promising segment of the hospitality world. All facets of the convention business will be discussed.

Part I offers practical insight into the different kinds of meetings and conventions, the types of organizations that stage such events, and the people who hold the key to site selection, and suggests how to reach and sell these important groups and people. Material includes how to analyze a hotel property to determine which segments of the market may be sold and serviced successfully and how to organize a staff to go after that kind of business. Practical advice is given on such subjects as negotiations and letters of agreement.

Part II deals with the vital convention service. Once the client has been sold on holding his or her event in the hotel, the staff must serve to allow the convention to flow smoothly. Each convention is a custom production, and skilled, knowledgeable hotel people are needed for its execution. Repeat business is essential for the success of any hotel, and professional convention service is absolutely necessary for a hotel to compete for its share of business.

The modern hotel executive must have a complete grasp of convention sales and service. This knowledge points the way to consistently high occupancy rates, filling in those empty calendar spots, those off-season times, those weaker days of the week. It offers an opportunity to go after the *kind* of guests you want, instead of just numbers.

No one can progress to executive ranks within the modern hotel field without a full understanding of the role such business plays in today's hotel plan. This lucrative market merits careful attention by students and those already in the field. *Convention Sales and Services* is offered to facilitate your entry into and growth in the hotel industry.

Text Features

Our purpose throughout the book is to present convention management in a readable style with ample illustrations to facilitate comprehension and encourage retention of the text material.

Based on the suggestions of professors, students and industry professionals, a number of improvements have been made in this third edition. The discussions on many topics have been rewritten to update them and to make them more comprehensive. New and or expanded sections have been added to every chapter. For example, several references have been added explaining the increased use of the computer in selling and servicing conventions. Each chapter also contains numerous cross-referenced illustrations, actual industry examples, as well as interesting profiles of successful hotel sales and service managers.

End-of-Chapter Material. Review questions follow each chapter. These questions help the reader pull together and integrate the basic concepts of the chapter. In addition, the questions give the reader an opportunity to see how their own values will affect the way they apply the management principles.

Instructional Support Package. A comprehensive Instructor's Manual to assist teachers in the classroom use of the text is available. Each chapter in the Instructor's Manual includes a review outline, a list of key terms, a suggested lecture outline, suggested answers to the end-of-chapter discussion questions, and a test item file.

Transparency Masters. A complete series of transparency masters have also been prepared for the instructor. To a large degree the study of convention sales and service is a study of forms. The charts, exhibits and figures from the text have been enlarged and reproduced in a separate manual available to educators.

PROFILES

Successful hotel sales and service managers profiled throughout this text greatly added to the educational value of the book with their real-life examples. To these people—thanks!

Alan Brenner—Monterey Conference Center
Jeff Coy—JLC Marketing Associates
Kathy Dixon—Boca Raton Resort and Club
Kristine Gagliardi—Hilton Hotels Corporation
Jeff Hubbell—Registry Resort, Naples
Karen Hudson—Four Seasons Hotel, Newport Beach
Beverly Kinkade—Sheraton Harbor Island, San Diego
Helmut Knipp—Lexington Suite Hotels
Sam Lippman—Consumer Electronics Show
Lyn Matthew—Embassy Suites Resorts
Marilyn McIver—Marriott Desert Springs
Gene Meoni—Grand Traverse Resort Village
John Mirallegro—Taj Mahal, Atlantic City
Keith Patrick—Disneyland Hotel, Anaheim
Charles Walhaven—Opryland Hotel, Nashville
David Scherbarth—Sheraton El Conquistador, Tucson
Charlotte St. Martin—Loews Hotels, Dallas
Lee Sterbens—Greyhound Expositions Services

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Part 1

Convention Sales

Introduction

Although no one is quite sure how or when they came about, conventions have become extremely important in today's business world. Business and professional people realized early the importance of getting together to discuss their problems and to clear up misunderstandings. Out of these early meetings came the massive convention business we know today.

A great many people have the misconception that a convention is just another vacation. But the basic purpose of a convention is not to assemble for fun and games but to exchange viewpoints and discuss matters of mutual concern.

When a convention is tied to a trade show, delegates expect to see and hear about the newest equipment and supplies in their profession or industry. They expect to have an opportunity to discuss personally with their suppliers the problems that have been troubling them.

Every field has its conventions: Professions, trade unionism, education, arts, commerce, politics, and fraternalism all rely on conventions to bring together the membership's cross section of ideas. The conventioners congregate in hotel properties across the country to attend meetings and look over exhibits; invariably they come home better oriented toward their

jobs and more certain of the goals of their organization.

What do conventions mean to a hotel? They can mean the difference between black and red ink in the profit column. Obviously, conventions play an important part in a hotel's overall sales effort. As much as 40 percent of total sales volume in major hotels is attributed to the influence of convention business; smaller properties count the effect at 15 to 20 percent.

Such group business is valuable to hotels for several reasons

1. Conventioneers not only provide room revenue for the hotel, but, because they are more or less captive, they also use room service, hospitality suites, and laundry and valet services. The hotel's restaurant, lounge, drugstore, and barbershop also benefit.
2. Convention and group business allows a hotel to forecast advance booking. Since the length of each guest's stay is pretty much predetermined, employee scheduling is more accurate and labor costs are reduced.
3. Convention business can fill the gaps in the slack months. And thus better employee-employer relationships are maintained by eliminating the fear of slow periods and

providing secure and steady working conditions.

4. Group business is an excellent builder for repeat business. With a convention, a large number of potential repeat guests become acquainted with your hotel. If they are treated well and are pleased, they will not only advertise by word of mouth, but they also will be likely to stay with you on other visits to the city. And the only way to get this repeat business is through the development of an honest and fair rapport

with convention groups. This means living up to all promises and obligations and providing excellent attention to detail and the service that is so necessary for the smooth running of the modern convention.

5. Should a trade show be part of the convention event, hotels find there is heavy demand for their suites and lounge facilities.
6. Spouses, more than ever, are accompanying delegates to conventions and this typically increases business in shops, health clubs and the like.

Outline

I. Marketing and Sales Promotion

- A. There Is a Difference**
- B. Marketing Defined**
- C. The Marketing Mix**
- D. The Marketing Manager**

II. The Convention and Meeting Business

- A. The Rolling Green Resort**
- B. The Marketing Plan**
 - 1. Analysis of Your Property**
 - 2. Pinpoint Target Areas of Promotion**
 - 3. Determination of Markets and Prospects**
 - 4. Setting the Budget**
 - 5. How to Reach Your Target Areas**
- C. Rolling Green Revisited**
- D. Importance of Convention Business**

Marketing and Sales Promotion

Before charging off in an attempt to capture all the convention business it can handle, a hotel first should scrutinize its objectives. We all have probably been guilty of plunging headlong into an undertaking without thinking seriously where we were headed or why.

Perhaps it was the purchase of a new automobile or a household appliance offered at such a good buy that we just couldn't refuse. However, a few months later, when the cash was tied into our investment, problems began to appear. The initial excitement wore off and we begin to evaluate the rationality of our purchase. Too late? No, probably not. We are generally able to rationalize our poor, spur-of-the-moment decisions and justify our action. But we vow that the next time "such a good deal" is presented we will consider it thoroughly, weighing both the benefits and drawbacks of our investment.

The convention business is often viewed similarly by hotels "as such a good deal." Many properties have been guilty of investing in a convention sales program without formalizing a clear-cut plan of what they hope to achieve or how they plan to do it. The results can be costly shotgun advertising directed in the wrong places, fruitless sales calls, and groups that never rebook.

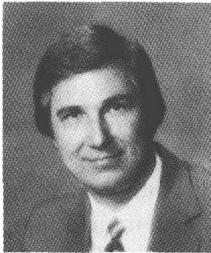
A true managerial approach to marketing should lead to realistic objectives that can be measured. A good plan, in fact, *demand*s clearly defined objectives, with careful thought given to methods, policies, and procedures.

There Is a Difference

What is marketing? Many tend to lump sales, advertising, promotion, and merchandising and say that together they are marketing. Others say that marketing and sales promotion are interchangeable.

We want to make a clear distinction between marketing and sales. The terms are not synonymous. The title "marketing manager" has been wrongly posted on many hotel office doors. Few hotels actually practice marketing, having labeled their operations so only because of the recent popularity of the word. Many managers think marketing is nothing different from the age-old sales and promotion concept.

Marketing is more than sales; they are not equal. Being market-minded is much broader than being simply sales-minded. Marketing is strategic and directive. It is goal-oriented, and the goals are concise and measurable. Marketing precedes sales promotion and follows the sales transaction. It is the groundwork, the research, the



Jeff Coy
President
JLC Marketing Associates

After graduating from Michigan State University, Jeff Coy entered the hotel business in 1975 as Director of Marketing Services for Ramada Headquarters in Phoenix. He then became Director of Marketing for the Carefree Inn Resort in Arizona, later joining the Kahler Corporation as Senior Vice President of Marketing for its hotels and resorts. He now has established his own hotel marketing firm, JLC Marketing Associates. He is author of How to Produce and Implement a Hotel Marketing Plan publishing with the Hotel Sales Marketing Association Foundation.

Developing a marketing plan is so critical to the success or failure of a hotel, the task should not be confined to just one person or even one department. I advise my hotel clients to form a marketing planning team, establish monthly marketing meetings and divide the work into small manageable assignments. This way, you can avoid the crisis environment and produce a marketing plan that is based on rational thinking and creative energy.

Most hotels cannot afford the high price of using mass media to communicate with everyone. It's really easy to waste money and not produce results. The importance of developing a hotel marketing plan is to avoid wasting money. Reaching the right prospect in the right place at the right time with the right message using the wrong media is still a waste of money.

To reach prospective customers most effectively, hotel marketers identify key customer segments in top-producing geographical feeder markets with message benefits and appeals that motivate people during the buying decision period through media that is read, watched or listened to by the desired type of customer. Market segmentation is the process of dividing a heterogeneous market into smaller, more homogeneous customer segments for the purpose of devising a strategy to communicate with prospective customers most directly—and therefore, most economically.

In a free market, anyone can build a hotel and appeal to your hotel customers. Some hoteliers think if they just stay close to their customers, they don't have to worry about the competition. Fact is, you can't ignore competitors and expect to succeed. Customers decide which hotels will stay in business through a dollar voting system. The hotel that does the better job of satisfying customer needs receives more dollar votes. When hotels appear to be the same, customers will search for competitive differences. They seek the greatest value for the price paid. Your customers may know your competitors better than you do. The whole point of analyzing the competition is to see your hotel through the eyes of your customer. Competitive information by itself is valueless. The power comes to

those hotel marketers who make decisions and take action based on what they know about the competition. Discover your competitive difference and communicate that message to your prospects.

Developing a marketing plan also includes an evaluation of your product and service. You have to match product and service benefits to the needs of your customers and provide satisfaction. When conditions change, you have to adapt your hotel to meet customer demand.

After forecasting hotel supply and demand and determining your hotel's penetration of rooms demand in each customer segment, objectives and goals can be set based on realities of the marketplace. Mini-plans are devised with a strategy for out-performing certain competitions to earn more than your fair share of the demand from a certain customer segment.

When a course of action is set, resources must be applied to reach the objectives. This means budgeting. All the people and the programs, everything that moves has a price tag on it. These are the marketing expenses, and they make it possible to implement the plan. Without adequate funding your marketing plan is just a empty exercise.

Determine how much to spend on marketing and invest it wisely to generate the greatest return. There is a direct relationship between your marketing dollars invested (seeds) and the revenues generated (harvest) but you have to understand the lag time (growing season).

Be prepared to devise a system to measure your marketing activity. Performance is measured to make sure expectations are being met. Actual results are compared with budgets or performance standards to see how well the marketing activity is working. Marketing management is an endless process of re-examination and self-adjustment to make sure that marketing resources are effectively used to reach your goals.

plan on which sales promotion is based. Quite simply, marketing is the foundation on which sales are built. Theodore Levitt says:

Strictly a sales oriented approach to doing business can be suicidal. The difference between selling and marketing is more than semantic. Selling focuses on the needs of the seller; marketing on the needs of the buyer.¹

Selling, as seen by Levitt, is a product approach; marketing, a consumer approach. In the past, businesses could concentrate on their product effort, often ignoring the true desires of their client. But today, it takes more than sales to guarantee long-term survival. Businesses must look at the changing needs of the consumer.

Hotels that do not distinguish between selling and marketing are not likely to be

1. From *Innovations in Marketing: New Perspectives for Profit and Growth* by Theodore Levitt, p. 55. Copyright © by McGraw-Hill, Inc. Used with permission of McGraw-Hill Book Company.

maximizing their profit potential. The fact that the hotel industry is a service industry is well accepted. However, if managers become preoccupied with converting that service into cash and fail to identify the customer and his needs, the hotel may eventually end up possessing a product for which there is no customer.

Levitt points up the importance of planning a marketing approach by illustrating the shortsightedness of the railroads.

The railroads are in trouble today not because the need (transportation) was filled by others (cars, trucks, airplanes), but because it was not filled by the railroads themselves. They let others take away customers from them because they assumed themselves to be in the railroad business, rather than in the transportation business . . . they were railroad oriented instead of transportation oriented; they were product oriented instead of customer oriented.²

Hotels must likewise guard themselves, lest they fall into the same trap as the railroad industry. Too frequently we see businesses with products to sell and no one to buy them. In the early days of innkeeping, the demand was greater than the supply. There were not enough hotel rooms to go around. It didn't matter what type of rooms were built because the customer had no alternative choices. A marketing plan that was customer-oriented was not needed to sell the product.

But the hospitality industry is a far cry from this state today. The city that once had a single inn now has four or five new hotels, each of them different. Where formerly the demand exceeded supply, the reverse is now true.

Sales in the hotel industry are composed of two parts: *room rate and occupancy*. For the last several years occupancy rates have been decreasing. Figure 1.1 illustrates this trend. Note that room sales, the product of occupancy times room rate, have increased over the same period. The correct conclusion is that room rates have been increasing, offsetting the decline in occupancy.

Many industry leaders question how high rates can go, maintaining that each rise in room rates brings a corresponding decline in occupancy. Other astute observers respond that rising room rates are only a symptom of a bigger problem, that of new facilities outdistancing demand. They point out that actually there has been no real decline in occupancy for the nation as a whole. The industry overall is selling more rooms, but the yearly construction of new rooms exceeds the room sales increase.

Because of this tremendous increase in rooms and a corresponding increase in competition, today's hotels and those of the future must make the distinction between marketing and sales. Hotels can no longer haphazardly allocate their monthly sales and promotion expense without a clear-cut plan and statement of objectives.

2. Ibid. p. 40.