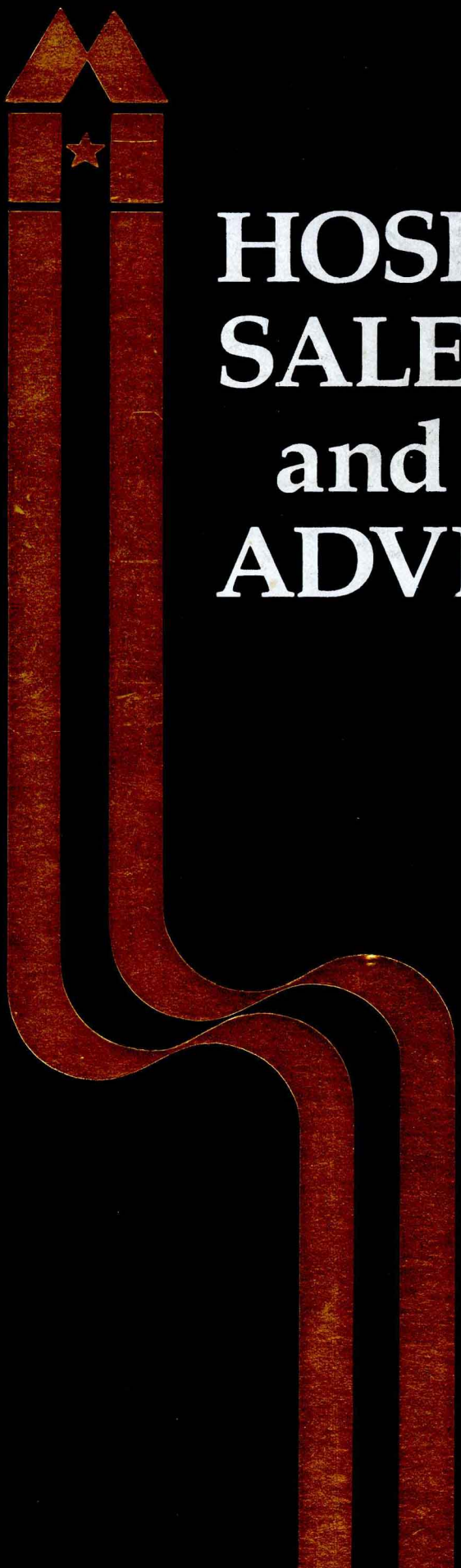

# HOSPITALITY SALES and ADVERTISING

James R. Abbey

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James R. Abbey, Ph.D., CHA

EDUCATIONAL INSTITUTE
American Hotel & Motel Association
A nonprofit educational foundation

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# *About the Author*

*James R. Abbey*

Dr. James R. Abbey is a professor at the University of Nevada, Las Vegas, where he teaches hotel marketing and management. He also serves as educational consultant to the Society of Company Meeting Planners, is a co-chair of the Educational Committee of the Hotel Sales & Marketing Association International, and is a principal with University Associates, Inc., a consulting group to the hospitality industry. In addition to his academic and consulting activities, he has executive experience with clubs, restaurants, and hotels.

The author has been a guest speaker at prominent industry conferences and has won awards from the Travel Research Association of America, the National Institute of Foodservice Instructors, and the Statler Foundation. He is a graduate of Michigan State University's School of Hotel, Restaurant & Institutional Management, and holds a master's degree in finance and a Ph.D. in tourism from Utah State University.

Dr. Abbey is co-author of *The Art and Science of Hospitality Management* and *Convention Sales and Services*. In addition, he has written many articles for the hospitality industry.

# Preface

The basic function of marketing, sales, advertising, and promotion is to find and retain guests so as to maintain a profitable level of business. In this age of new construction and investment, modernization, consolidation and mergers, automation, and growing competition, the name of the game in the hospitality industry is to "wear out the carpet"—that is, bring in the business.

In large hotels, there is generally a full-time, organized marketing and sales division or department; midsize properties may have a marketing and sales department or a sales office; in small properties, marketing and sales may be one of the many duties of the general manager. Regardless of the property's size, a continuous sales effort is required to obtain guests for guestrooms, dining rooms, lounges, and meeting space. Sales must never be considered the sole responsibility of a single individual; sales is an important part of every employee's job. Knowledge and application of the sales and advertising fundamentals presented in this text can benefit the reader professionally as well as help boost a hotel's profits.

Each chapter of *Hospitality Sales and Advertising* contains profiles of sales and advertising personnel from hotel firms across the country. Photographs, sample forms, and effective advertising pieces were provided by several companies whose contributions have greatly increased the educational value of the text. Each chapter also provides an outline and discussion questions to facilitate understanding.

This book is divided into four parts. Part I begins with an introduction to hospitality sales, then discusses marketing plans and examines the organization of a sales office in small, midsize, and large properties. Part II, Sales Techniques, explores personal, telephone, and internal sales, and promotion of on-site revenue centers such as restaurants, lounges, banquet facilities, and meeting rooms. In Part III—Advertising, Public Relations, and Publicity—we look at advertising media and review guidelines for writing and producing advertising that sells. Part IV, Selling to Market Segments, discusses some of the major market segments (both group and individual) and how to reach them.

In writing a textbook, an author normally starts out with a strong idea of what the book should be like. However, before the manuscript is published, there are a number of suggestions made by students, colleagues, friends, editors, and industry professionals which contribute to the author's

original idea and improve the book. I particularly want to acknowledge the helpful comments and suggestions of Tom McCarthy, Paul Wise, Jim Peckrul, Michael Holt, Ed Sansovini, and my editor, Jim Purvis. To these and others not specifically mentioned, I am most grateful.

James R. Abbey
Las Vegas, Nevada

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# 1 Introduction to Hospitality Sales

In 1948, the typical hotel* (84.4% of all properties) was located in a population or trade center, had fewer than 50 rooms, and was independently owned. Only 4.7% of all properties belonged to a chain, and there were only two prominent chains—Sheraton and Hilton. Rooms were small, most had no telephone, and a few lacked a private bath. There was no standardization of product, amenities, or services. Rates averaged $3.75 per night.

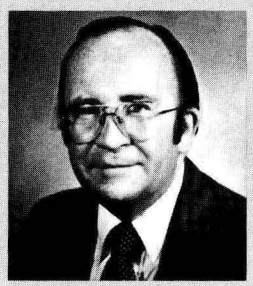
Only large properties could afford to support restaurants and bars, and hotels with swimming pools were uncommon. There were a few resorts (most were located in the mountains or near lakes or an ocean), but these properties were primarily seasonal and catered to wealthy individuals rather than groups.[1]

Beginning in the 1950s, however, hotels began to change, driven by changes in the society around them:

1. *Population growth.* The population began growing significantly (at a rate of 1.35% compounded annually), especially in the South and in Mountain and Pacific regions. In addition to this growth, the population began shifting; the Sunbelt (especially Florida and Texas) and the western states (Colorado, Arizona, and California in particular) experienced a tremendous influx of people.
2. *Longer life span.* Not only did the population grow, it became older, and a significant number of new households were formed. Most of these new families relocated across the country as never before.
3. *Improved incomes.* Family incomes improved in the post-war economy, and two-income families became more prevalent. After the belt-tightening war years, families suddenly had more money to spend on travel and leisure. It wouldn't be until the 1970s, when inflation began running rampant, that this trend would be curtailed to any great extent.
4. *Increased leisure time.* Leisure time increased when the 40-hour workweek became commonplace and additional legal holidays were given to workers. Other job market factors such as part-time work

*Except where otherwise noted, the term "hotel" will be used generically in this text to represent all types of commercial lodging properties, including motels, motor hotels, and resorts.

## Industry Profile



**Thomas T. McCarthy, Jr., CHSE**
*Owner*
*Tom McCarthy Associates*

*After graduating from Villanova University, Tom McCarthy began his hotel career in 1953 as a room clerk at the Warwick Hotel in Philadelphia. Eventually he joined Hilton Hotels, where he held a variety of sales positions, including director of sales at the Capitol Hilton in Washington, D.C., before joining Marriott. McCarthy served as national sales manager, director of advertising, and vice president of advertising and public relations in his 11 years with Marriott before leaving to establish his own hotel marketing consulting firm, Tom McCarthy Associates. He co-founded the Hotel Professional Educational Series, which specializes in hotel sales and marketing training, and has served as international president of the Hotel Sales & Marketing Association International (HSMAI). He has been the sales/marketing columnist for* Hotel & Resort Industry *magazine since 1981.*

"Those who are successful in hotel sales know what it means to 'pay your dues.' They have experienced long hours, rejection, frustration, enormous work loads, difficult guests, and uphill battles with supervisors, but have found that the personal satisfaction they experience far outweighs all the negatives.

The thrill of closing the sale after competing with four or five other hotels is one of the greatest compensations for hard work I can think of. I'll never forget how excited I was when I booked my first convention at the Waldorf-Astoria—and the excitement that came with every close since.

Another compensation is the satisfaction of being a member of a winning team that takes that extra step to satisfy guests' needs. There's nothing more satisfying than having a meeting planner tell you that your efforts—and the efforts of your staff—contributed to the most successful convention in the history of their organization. And let's not forget that a hotel is an exciting place for a salesperson to work. It's a place where important events are happening; a place where interesting, and often famous, people congregate; and a place where new challenges await you every single day.

Over and above these compensations, there's the opportunity to build friendships with people from all over the world. Very few people in other businesses have the opportunity to meet so many people from so many places. Building friendships with others within the worldwide hotel community is another compensation that keeps the successful salesperson's enthusiasm high. There's no question that camaraderie with the many wonderful people in our industry, often built through active participation in organizations such as HSMAI and AH&MA, is an enriching experience.

I've been asked by many people entering hotel sales to comment on what makes a hotel salesperson successful. To name a few of the many ingredients, successful salespeople are:

- True believers in their products
- Honest, sincere, and ethical beyond reproach
- Enthusiastic even when feeling low
- Optimistic and able to spring back quickly from defeat
- Concerned about delivering more than what was promised, not just concerned about closing the sale
- Able to put themselves in the prospect's shoes and sell only what they would buy themselves
- Creative in finding ways to make the guest's experience better
- Motivated to do their most persuasive selling when the prospect says no
- Not content with the ways of the past if better ways can be found
- Aware that continuing education to improve sales skills is a career-long activity
- Willing to make an investment in time and effort to be successful

Because of intense competition, owners and operators have been forced to recognize that hotels can no longer be successful without strong selling efforts. This has created a demand for better educated, highly motivated sales executives. There's no question that opportunities for hotel sales professionals are greater now than at any time in the history of our industry."

and job sharing also contributed to the increased amount of leisure time available to workers.

5. *Expanded highway system.* Construction of the interstate highway system began in earnest in 1956, and the 42,500-mile system soon became an important factor in the number of Americans traveling, both for business and leisure. Vehicle registrations grew phenomenally and Americans took to the roads in great numbers.

6. *Development of suburbs.* Not only did the interstate highway system facilitate long distance travel, it also made local travel simpler. As a result, new residential neighborhoods were established in the suburbs. These were followed by retail shopping centers, office buildings, and recreational and entertainment facilities, all of which attracted increased traffic and the need for accommodations and meeting space.

7. *Increased air travel.* Air travel also became a commonplace part of the American business and leisure scene. By the early 1980s, there were over 700 airports certified for passenger service, including 23 large hub airports (in Chicago, New York City, Los Angeles, Dallas, and so on), which were not only destinations in their own right, but also served as connection points for an increasing number of domestic and international flights. In addition, 35 medium hubs served regional areas such as the Southwest or Northeast, and 62 small hubs provided statewide connections for a growing number of business and leisure travelers.

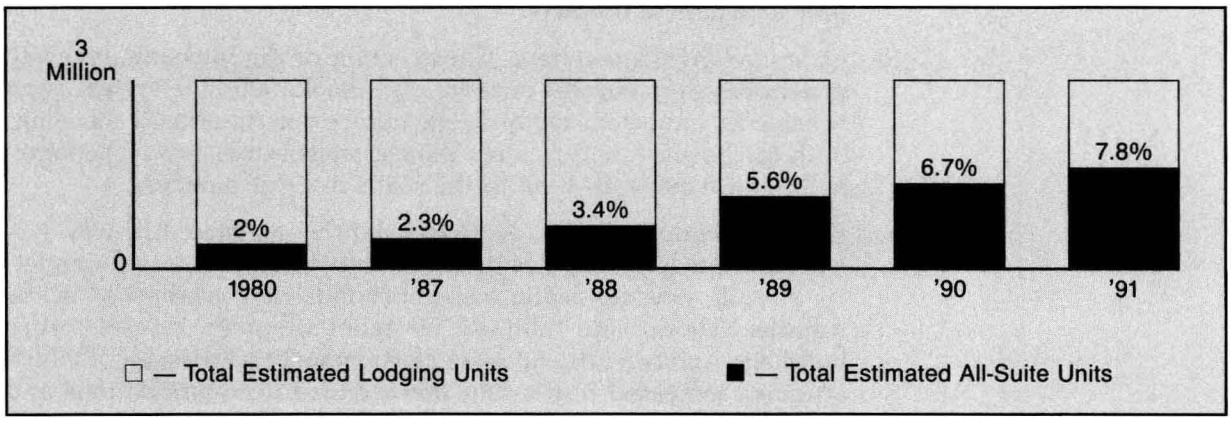
8. *Convention center expansion.* The 1950s and 1960s ushered in a booming U.S. economy. As businesses (and business and fraternal organizations) grew, businesspeople needed facilities for conventions and meetings. Some cities already had civic centers or auditoriums that could accommodate groups, generally served by a small number of downtown hotels. But as businesses expanded into the suburbs or outgrew the limited facilities of the smaller convention centers, there was a boom in the construction of convention hotels, both in the cities and in regional and resort destinations.

But what do these factors have to do with hospitality sales and promotion? The answer is simple: everything! Changing times have had a great impact on the hospitality industry, and the industry has had to evolve tremendously to meet the new challenges posed by a changing society.

To meet the demands of road travelers in the 1950s, the industry responded with the development of a number of chain properties: Holiday Inns, Ramada Inns, Howard Johnson's, and TraveLodge were among the lodging pioneers along interstate highways. Each of these chains introduced its own standardized designs, amenities, services, and referral networks; each became easily recognizable (both in terms of service and market image) in the eyes of the traveling public.

The growth of these and other chains—coupled with developing technology—ushered in the first toll-free reservations systems in the 1960s, a decade that also introduced the first budget hotels. These "back to basics" budget properties did not come into great prominence until the 1970s, when

**Exhibit 1.1 Projected Growth in All-Suite Lodging Supply**




Source: Pannell Kerr Forster. Used with permission.

runaway inflation, fuel shortages, and budget cutbacks on the part of many companies resulted in an unprecedented belt-tightening among travelers.

It is interesting to note that the 1970s also introduced the traveling public to the first all-suite properties. These properties were largely ignored by travelers in the '70s, but today—over a decade after their introduction—they have become an important part of the hospitality industry. An increasing number of "extended-stay" travelers—businesspeople or vacationers who spend a week or more in the same location—prefer a suite to a conventional hotel room (see Exhibit 1.1).

The 1980s have also changed the face of the hotel industry. There are now a number of large convention hotels such as the Las Vegas Hilton, the New York Marriott Marquis, and the Hyatt Regency Maui. Even small hotels are catering to the business traveler with executive floors, business services, and fitness amenities that were virtually non-existent ten years ago. (These amenities and services will be discussed in greater detail in Chapter 15.)

But all-suite hotels and executive floors are just two of the many trends in today's rapidly changing and expanding hospitality industry, an industry that would be unrecognizable to the "mom and pop" operators of 1948.

## Today's Hospitality Trends

Current and emerging economic, social, and political trends can greatly affect future demand for hospitality services, and must be identified before a property can position itself competitively in the marketplace. These trends include:

- Computers
- Distribution methods
- Media planning
- Overbuilding
- Competition
- Guest preferences
- Product segmentation

## Hotels with No Guestrooms: All-Suite Hotels

All-suite hotels have taken the lodging industry by storm. While they comprise only 5% of today's market, that figure is expected to double—and continue to grow—in the early 1990s. Why the increased interest in all-suite properties? The answer is simple: profitability!

All-suite properties are currently averaging substantially higher occupancy rates than conventional hotels, and can command higher room rates for a number of reasons. First, suites are typically larger than most conventional guestrooms. While conventional guestrooms average 300 to 400 square feet, all-suite hotels generally offer combination living/working areas, separate bedrooms, and (often) kitchenettes, with a total size of 500 to 800 square feet.

Second, suites often do not provide on-premises restaurants, but rather provide a complimentary breakfast and/or cocktail hour. While these amenities generally cost between $3.50 to $4.50 per guest, the perceived value by the guest enables operators to increase room rates by $5 to $15! Limiting the scope of a food and beverage operation results in increased profits for the operator as well.

All-suite operators also benefit from the wide appeal of their properties. While many convention hotels are typically occupied at greater levels either during the week or on the weekend, all-suite properties appeal to both business travelers (who generally travel on weekdays) and leisure travelers (who are taking more frequent mini-vacations on weekends). Therefore, occupancy at all-suite properties tends to remain at steady (high) levels, rather than rising and falling as it does at many conventional hotels.

But why are all-suite properties so popular? The spacious accommodations, the home-like atmosphere, and the functional work areas (which are ideal for working and entertaining) appeal to business travelers (the largest growing segment of the hospitality market) and to those on extended stays, including leisure travelers with families. But, there is a proliferation of these properties, and confusion is rampant as to which property serves what segment—and with what product.

All-suite properties vary widely in concept and amenities offered. As mentioned, many limit their food and beverage service, while other properties, such as the Washington, D.C.-based Guest Quarters, offer restaurants and lounges similar to those found in first-class hotels. Some properties concentrate on a more traditional atrium-style mid-rise construction, while other all-suite hotels position themselves as residential-type complexes complete with green areas and recreational facilities. Some of these last, such as Residence Inns, offer amenities designed to make guests feel right at home—grocery shopping services, baby-sitting services, and so on.

With the varying concepts and services offered, it is becoming increasingly necessary for an all-suite hotel to position itself for particular target markets, and to promote its positioning so that the public will know exactly what the property has to offer. The increased proliferation of all-suite properties is expected to continue into the next decade, and competition for all-suite guests will grow more heated as more and more travelers discover the properties that have come to be called "the standard of tomorrow."

### Computers

The first trend affecting the hospitality industry is the use of computers. State-of-the-art computer technology has revolutionized central reservations systems, and has provided hotels with a direct link to travel agents and airline reservations systems for virtually instantaneous verification of room arrangements.

Computers play an important role in areas as diverse as generating marketing data bases (both for current and future guests), following up on sales