

FINDING THE 'RIGHT' GROUP BUSINESS

From optimizing profitability to preparing for economic uncertainty — why proactive selling should be the standard for group sales.



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By Katie Kervin

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While meeting and events are among the many sectors that have benefited from a robust economy over the last 10 years, offering hotels a brisk pace of business and relative ease in making their group sales targets, signs now point to an inevitable slowdown in the U.S. hotel industry. Occupancy, ADR, and RevPAR have all grown in 2019, for example, but the numbers are below previous projections for the year. And with an over-supply in new-hotel construction creating a glut of rooms, the group sales process could become quite a bit more difficult. Hotels realize that their current group strategy, with salesforces simply trying to keep up with an onslaught of inbound requests, won't be up to the challenge.

With this nearly decade-long strong economy “we find that our sales approach is far more ‘catch

and close’ versus prospecting,” said Lori Kiel, chief revenue and marketing officer for The Kessler Collection. This has meant that her team has had to travel less and deploy more of its resources responding to inbound leads. But the tides are shifting, and Kiel is already seeing a slowing in transient demand in 2019. “We have moved our group mix up at all of our hotels to make up the difference,” she said.

So why hinge success on market conditions? Why not set your hotel up to outperform the competition in all economic times? To do that, you need a proactive group sales strategy. Selling group directly and proactively is a paradigm shift in which salespeople pivot from simply focusing on third-party inbound digital leads to putting resources toward fostering a direct-to-planner business source. This strategy brings relevant groups to



the forefront for hotels to reach out to directly, closing gap dates, boosting repeat business, and optimizing profits.

But getting to that point takes deliberate effort, in part because handling inbound lead volume is already a time-consuming activity. The advent of eRFP platforms like Cvent has given hotels a seemingly bottomless source of leads. While such tools “have given us a platform to reach meeting planners without leaving the offices,” Kiel said, “the question to be asking is: How well are those leads converting and at what cost?”

Sales leaders are beginning to question whether they have the

right sales strategy for long-term success. Hotels won’t simply be able to flip a switch to a proactive sales strategy once the economy has already turned, so it’s vitally important to invest in these changes now. Is your team trained up? Do you have the right solutions in place to enable this strategy? What do you need to do to support proactive selling — and are you even measuring the right outcomes?

THE OLD WAY

Relying primarily on inbound leads is an antiquated strategy in today’s marketplace. It’s perceived as easier, and “quite honestly,” said

SiuYin Ko, senior corporate director of global sales for Rosewood Hotel Group, “many sellers right now have been fortunate to not have experienced the significant

“The question to be asking is: How well are those leads converting and at what cost?”

economic cycles that those of us who have had to be scrappy to survive the challenges of the '90s and 2000s did.”

A reactive strategy is fundamentally flawed. Smart salespeople must be both realistic and proactive to maximize the time they spend selling in order to create optimal results for their property owners. “Sales is a numbers game,” said Jeremy Huvad, director of sales and marketing at the Holiday Inn Washington-Capitol in Washington, D.C., a 536-room property with approximately 8,000 square feet of event space. “Any time you can make that process more efficient, it’s a huge win.”

But the current state of selling through third-party channels can be maddeningly inefficient. While much of the inquiry battle may have

to do with location or available space, salespeople often spend too much time sifting through RFPs that aren’t even a match for their hotel. Not to mention planners often list multiple cities on their RFP, so a single property is likely one of many targeted for the same piece of business. What this ultimately does is create an Online Travel Agency (OTA)-like model of competing on price alone, with commoditization eroding a hotel’s ability to charge a healthy, profitable fee for group. When every RFP response looks the same to buyers, they’ll generally settle on whichever hotel is the cheapest.

In the end, not all group business is good for every hotel, which is why sales teams are turning to products that help them both understand the groups that are out



there and utilize their time effectively to go after them. These technology options allow users to search a robust database of historical data about events that have actually happened, inputting their hotel profile — including class, brand, location, and size information — to generate a prospect shortlist that matches their property specs. This creates a pipeline of relevant prospects to start with and focuses teams on the ones they are likely to win.

Such tools “provide hotels with intelligence on group business at our fingertips that we did not have access to before,” said Becky Vealey, vice president of revenue generation for Greenwood Hospitality Group. “It produces qualified leads for prospecting and helps determine group fair share in the market.”

THE NEW NORMAL

This proactive strategy — centered on smart, data-driven outreach — should be the new normal. For many hotels, it means a shift from a transactional mindset to one of business development, in which salespeople are focused on the long game. This can pay huge dividends down the line, when your team doesn’t have to scramble to keep up with potentially irrelevant leads.

For relatively smaller brands, such as Rosewood, proactive selling allows for a more consultative approach, especially as it looks at overall long-term spend. Thanks to powerful intelligence on its potential customer needs, Ko’s team is able to have more candid conversations with key clients about how best to secure more business. “We can also have honest conversations when there isn’t a

fit,” Ko said, “so that we can be respectful of their time.”

Through this model, traditional sales roles become a thing of the past. Already, some hotel companies are testing an overhaul of their teams. Take Prism Hotels & Resorts, where an upcoming beta change to the sales-organizational structure will see sales managers dedicated to proactive selling and administrators redeployed to respond to inbound leads.

“Was it broken before? Absolutely not,” said Allison Handy, Prism’s senior vice president of sales, marketing, and revenue optimization. “But success in this market is about strategic changes you can make for incremental improvements, and this is one of them.”

CHANGE THE GAME

Over-reliance on the most basic information about group business — think rates, dates, and space — can lead to the commoditization of

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this segment, similar to what happened on the transient side during the 1990s with the rise of OTAs. Brands are still trying to recover that value, and without a fundamental strategic shift, the group side now runs the risk of falling into the same trap 20 years later.

Indeed, dependence on inbound RFPs as a business development strategy is a surefire way to guarantee a decline in your group business as the growth cycle slows. Boosting your sales team’s proactive selling skills — enabled by technology available in the market — is the best way to help ensure they continue to win business. And it’s not as if a reactive strategy is without limitations.

Studies show that properties that are *not* one of the first two to respond to an inbound eRFP have a 38-percent greater likelihood of getting the business. In other words, there is something to be said for crafting a thoughtful response that may take longer to prepare but ultimately is more likely to win. Again, a robust database of historical data about prospect behavior is crucial. Salespeople with access to as much information as possible about a potential customer sit more firmly in the driver's seat, able to help steer the direction of an RFP even before it comes out.

Rather than trying simply to compete on price, this data-driven approach frees your sales team to be creative and fully engaged, crafting event packages that are specific to both the property and the clients they are trying to serve. "Selling at its core is, and always will be, about relationships," Vealey said. "The tools we use now to open the doors to those relationships may be different. We no longer physically knock on doors. However, we utilize tools to provide us those same opportunities."

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'It's Not About the Lead Today'

Jeremy Huvad has spent much of his career in sales at various hotel properties. Now, as director of sales and marketing at the Holiday Inn Washington-Capitol in Washington, D.C., he utilizes tools to shore up his team's proactive sales strategy.

"Some groups don't cross-shop brands, or tend to be loyal," Huvad said. "There are many leads you won't ever come across with a reactive/inbound sales approach." Being proactive allows salespeople to spend more time actively looking for business that fits their property and developing relationships with potential clients — rather than wasting hours on cold calls that don't ever convert.

Lori Kiel, chief revenue and marketing officer for The Kessler Collection, agrees. "In an environment where repeat groups are a thing of the past, finding new business is a constant effort." The advantage of a proactive sales strategy, she said, "is building the relationship from the start. When you have done the research to know what the customer's needs are *before* you call on them, you can usually keep them on the phone or get a response to an email that otherwise would go unanswered without having the resources to do the work."

BY THE NUMBERS

What's the cost to the business when relying on inbound? It's no secret that for many hotels, eRFP platforms can inundate sales teams with leads that generate healthy business. Even with its relatively small portfolio, for example, The Kessler Collection still estimates that upward of 80 percent of inbound digital leads come from third-party sources. Similarly, the Holiday Inn Washington-Capitol's group segment hews toward a 60/40 split for repeat business — although Huvad notes that his property is a well-known brand in a popular location where the volume of inbound is large.

Still, he said, tools for proactive selling yield “a fair amount of leads you wouldn't even come across otherwise.” Where his team might have had to spend lots of time on a website to find out a group's information, these technology options provide the details in black and white. “You know where they went, for how many days, how many rooms, approximate square footage,” he said. Groups sales “is a process that depends a little on luck and a lot on skill,” and proactive selling tools “can take the luck out

Find a Solution

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of the equation to a certain degree.”

Beyond that, the conversion of most inbound leads hovers around 5 percent, and the cost of those leads is eating away at net income. Hotels that focus solely (or even primarily) on inbound are missing out on the quality of business they could be getting and greater control of their bottom line. “Relying on inbound sales leads is not a sustainable approach for long-term success,” Vealey said. “Proactive selling is crucial to retain an ample business funnel.” That's why her team members, called Ambassadors, use tools to target particular business segments, need

times, and group sizes. This allows them to find contact information, create flat lists, and track target accounts — ultimately giving them full control of their outcomes.

And while the majority of Prism’s business has been inbound over the past several years, with sales teams simply trying to keep up, the hotel management company emphatically stresses the importance of pivoting its strategy to proactive by separating its

inbound and outbound sales managers. This frees up senior managers from the task of responding to inbound third-party digital leads. “The sales manager wouldn’t get engaged in the sale until the lead moved down the conversion funnel,” Handy said. “This is something very few companies in the hotel operations space have explored but is critically worthwhile.” ■

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