



2024 | SPECIAL REPORT

From Solos to Symphony.

The Transformational Power of ‘Commercial’

Breffni M. Noone &

Chris Boyd

A Letter from HSMAI Foundation Board Chair, Lori Kiel, CHDM

I am delighted to release the HSMAI Foundation's latest research, "From Solos to Symphony: The Transformational Power of 'Commercial'," authored by Breffni M. Noone, Associate Professor at The Pennsylvania State University, and Chris Boyd, Revenue Management Specialist at Hilton. This paper illuminates the importance of understanding and implementing a robust commercial strategy in the hospitality sector. Embracing a unified approach across Sales, Marketing, and Revenue Management optimizes performance and ensures sustained growth and competitiveness in a rapidly evolving marketplace.

Through the rich dataset of HSMAI members working in the commercial space, the paper highlights several key findings:

Describing 'Commercial': A notable 54% pinpointed topline revenue optimization across all revenue-generating assets as the core outcome of an effective commercial strategy.

Strategic Importance: A striking 80.6% of respondents rated the importance of having a commercial strategy as Extremely Important, with an additional 17.3% rating it as Very Important.

Leadership Trends: 65% of hotel companies with a corporate office now have a Chief Commercial Officer (CCO) or a CCO-equivalent.

Essential Competencies: The study identifies analytical/critical thinking skills, communication skills, interpersonal skills, adaptability/creativity, and influence/negotiation skills as the five essential competencies for successful commercial leaders.

This paper also provides practical guidance for hotel organizations striving to reimagine their commercial functions. We are incredibly proud of this research and its potential to drive innovation and excellence in our sector. We extend our gratitude to the researchers, respondents, and our corporate talent partners for their invaluable support in making this study possible.

I encourage you to explore the full report to gain deeper insights and actionable strategies that can transform your commercial approach.

Sincerely,

Lori Kiel, CHDM
HSMAI Foundation Chair
Chief Commercial Officer, The Boca Raton Resort and Club

Introduction

Several forces - changing consumer needs and engagement preferences, competitive threats, the increasing complexity of hotel products and services, and innovative sales channels and models - have placed commercial excellence in the hotel industry spotlight. The pursuit of commercial excellence has prompted hotel companies to shift towards a unified organizational structure that fosters greater alignment between topline-revenue-generating functions, in particular the three-legged stool of Sales, Marketing, and Revenue Management, to optimize portfolio performance. Data from other sectors suggests that this industry shift is merited. A study by [McKinsey & Company](#) found that companies with superior commercial capabilities can outperform peers by **1.9 points in revenue growth** and **4.7 points in earnings growth**.

While traditional industry sectors (e.g., manufacturing) have long organized topline revenue-generating functions within a formal commercial structure, the terms 'Commercial' and 'Commercial Strategy' are relatively new additions to the hotel industry vernacular. The goal of this study was to shed light on how industry professionals conceptualize the role and scope of commercial within the hotel industry, and to take an inventory of the extent to which hotel companies have embraced the formalization of the commercial function at a corporate level. Furthermore, this study aimed to provide a practical blueprint for hotel organizations to identify and address gaps in their commercial capabilities, empowering them to fully embrace the transformative power of commercial.

The Study

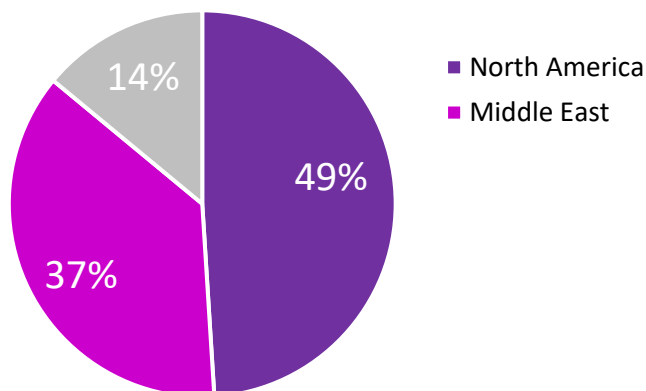
We distributed an online survey to HSMIAI members who work within the commercial space (i.e., those who support or oversee the key functional areas responsible for driving topline hotel revenue). Participants shared their perceptions of 'commercial'¹ and provided data on the organization of commercially focused functions within their companies. From a career development perspective, participants also shared their perspectives on the ideal competencies for success on the commercial career path.

¹ Questions were open-ended to allow participants the latitude to share their insights in their own words and from within their own sense-making frameworks. The data was analyzed using conventional content analysis.

Participants

204 HSMIAI participants from across the globe participated in the study². 13 of the participants indicated that they had not previously heard the term commercial used in the context of hotels, reducing the number of qualified participants to **191**.

Figure 1. Participants by world region



Participants represented 74 unique hotel companies, with the majority of participants (47%) from management companies (Table 1).

Table 1. Number of unique companies and participants by company type

Company type	Number of unique companies	Number of participants	Company size (# of properties)
Brand	10 (13.5)	69 (36%)	155 to 9,000
Management Company	40 (54%)	90 (47%)	6 to 1,500
Owner/Owner Operator	24 (32.5%)	32 (17%)	1 to 535
Totals	74	191	N/A

² Analyses of the data indicated that there were no substantial differences in participants' responses by geographic region.

Participants worked across three different levels within their companies - property, regional, and corporate - and their job titles ranged from analyst to President/CEO (Tables 2 & 3)

Table 2. Participants by organizational level and company type

Organizational Level	Company Type		
	Brand	Management Company	Owner/owner operator
Property	27 (14.1%)	40 (20.7%)	10 (5.2%)
Regional	6 (3.3%)	10 (5.2%)	7 (3.7%)
Corporate	36 (18.8%)	40 (20.7%)	15 (7.9%)
Totals	69 (36.2%)	90 (46.6%)	32 (16.8%)

Table 3. Participants by job title and organizational level

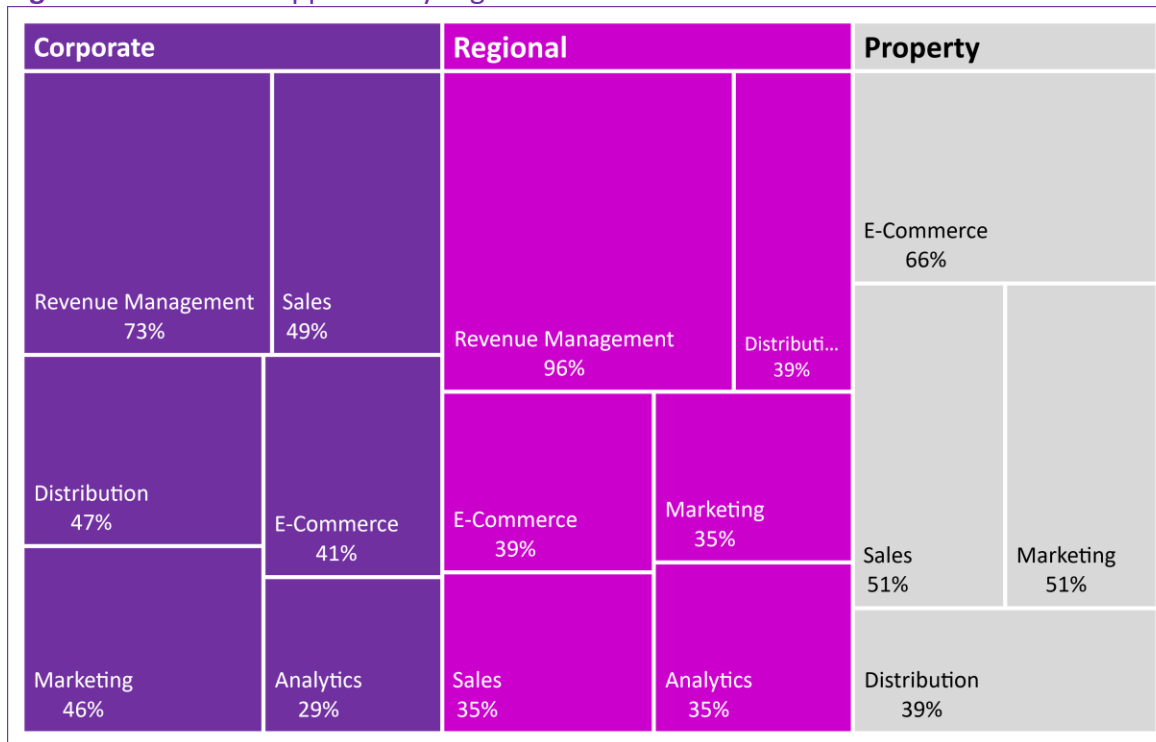
Job Title	Organizational Level		
	Corporate	Regional	Property
President/CEO	3 (1.5%)	-	-
C-Level Exec	13 (6.8%)	-	-
Vice President	45 (23.6%)	9 (4.7%)	1 (0.5%)
Director	22 (11.5%)	11 (5.8%)	55 (28.8%)
Manager	8 (4.2%)	3 (1.6%)	18 (9.4%)
Analyst	-	-	3 (1.5%)
Totals	91 (47.6%)	23 (12.0%)	77 (40.3%)

Many of the participants work in, or support, several functional areas (Figure 2). For example, participants on the corporate level supported an average of 3.13 functional areas predominantly:

- **73%** Revenue Management
- **49%** Sales
- **47%** Distribution
- **41%** E-commerce
- **46%** Marketing

Participants on the regional and property levels reported supporting an average of 2.91 and 2.31 functional areas, respectively.

Figure 2. Functions supported by organizational level



The Results

Describing 'Commercial'

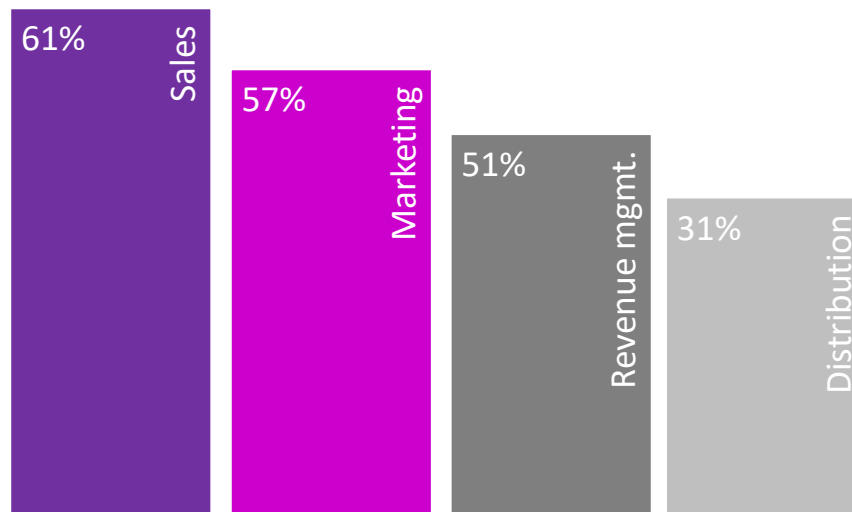
When participants were asked to describe 'commercial' they spoke about it from two perspectives: the commercial team and the commercial strategy.

Commercial Team

While **27%** of participants referred broadly to 'all commercial' or 'non-operational' functions when describing the functions under the commercial umbrella, the majority called out specific disciplines (Figure 3).

Unsurprisingly, Sales, Marketing, and Revenue Management dominated responses. In terms of supporting functions, Distribution was mentioned most frequently by participants. A small group of participants also referenced BI/Data Analytics (**3%**) Loyalty (**3%**) Branding (**2%**) and PR/Communications (**2%**)

Figure 3. Describing the commercial team



Commercial Strategy

*“A commercial strategy helps **us define our business, gives it a set of values, and gives it purpose.** It helps us understand what success looks like. It provides a roadmap for our business, shows us our destination, and identifies useful stopping points along the way.”*

There was a high level of consistency in terms of how participants conceptualized commercial strategy. They broadly framed it as a long-term plan that aligns company goals with market opportunities, customer needs, and competitive realities and guides decision-making across the commercial team to achieve commercial objectives.

*“**Long-term action plan** that covers all commercial aspects, creating harmony and coordination between commercial functions (Sales, Marketing & Revenue Management) **to achieve not only the overall financial objectives but also the right positioning of the product and what differentiates it from competition and ensure success and business continuity.**”*

While **29%** of participants broadly described commercial objectives as *optimization of hotel performance*, **54%** specifically flagged *topline revenue optimization across all revenue-generating assets* as the key outcome of an effective commercial strategy. Many participants also framed commercial objectives in terms of the broader impact of revenue performance on *profit (16%)*, *value creation for consumers (12%)*, *sustained long-term growth (9%)*, and *market share (8%)*.

When describing commercial strategy, **54%** of participants stressed the importance of aligning the structure and goals of the functions represented within the commercial team – particularly Sales, Marketing, and Revenue Management – to ensure the development of a fully integrated commercial strategy.

*“**A commercial strategy results from alignment and collaboration** within the Commercial Team to develop a cohesive strategy designed to drive revenue, build and sustain [a hotel’s] customer base, and optimize its resources.”*

36% of participants observed that strong commercial leadership is a ‘must have’ for success.

A unified vertical does not mean replacing the individual functions under the commercial umbrella. Rather, strong commercial leadership is required to ensure that the efforts of individual commercial functions are appropriately aligned to achieve commercial objectives.

*“In order to fully optimize our functions [marketing, sales, and RM], and in turn our revenues, we need to have **one leader that oversees the three respective areas**. Combining efforts to achieve commercial goals requires strong leadership skills combined with expertise in each of the areas.”*

Importance of commercial strategy to company success

There was consensus among participants that a robust commercial strategy is critical to organizational success. When they were asked to rate the importance of having a commercial strategy, **80.6%** rated it as Extremely Important, **17.3%** rated it as Very Important, and the remaining **2.1%** rated it as Moderately Important.

When explaining their ratings, participants spoke to several key benefits of focusing on commercial strategy:

- **53%** reinforced the idea that a commercial strategy creates the opportunity to go beyond isolated metrics or KPIs to measure success and focus on the achievement of EBITDA goals.
- **49%** pointed to the benefits of commercial strategy in terms of facilitating cross-disciplinary communication, collaboration, and information-sharing within the Commercial Team.

*“All levers that impact revenue **must work closely together, have aligned goals, and ultimately support each other** in attaining those goals. Without it, you are working sub-optimally and not reaching the full revenue potential. You also risk duplicative efforts.”*

- **18%** shared the perspective that a focus on commercial strategy promotes goal alignment. Goal misalignment across commercial functions has been a longstanding challenge within the hotel industry, often leading to frustration, inefficiencies, compartmentalized decision-making, and ultimately sub-optimal financial performance. The alignment of commercial functions to support commercial strategy provides the foundation for addressing and eliminating goal misalignment challenges.
- **13%** spoke about the efficiencies that an integrated approach to commercial strategy can yield. It ensures maximum efficiencies across all functions under the commercial umbrella, and in doing so, can drive morale improvements within the commercial team.

The Current State of Corporate Commercial Leadership

65% of the hotel companies that have a corporate office have a Chief Commercial Officer (CCO) or CCO-equivalent (i.e., same portfolio of responsibilities as a CCO but have been designated a different title by their company e.g., Vice President of Commercial Strategy)³. The remaining **35%** have alternative forms of commercial oversight (Figure 4).

CCO or CCO-Equivalent

All the CCOs and CCO-equivalents represented in this study are responsible for oversight of Sales, Marketing, Revenue Management, Distribution/ E-commerce, and Analytics.

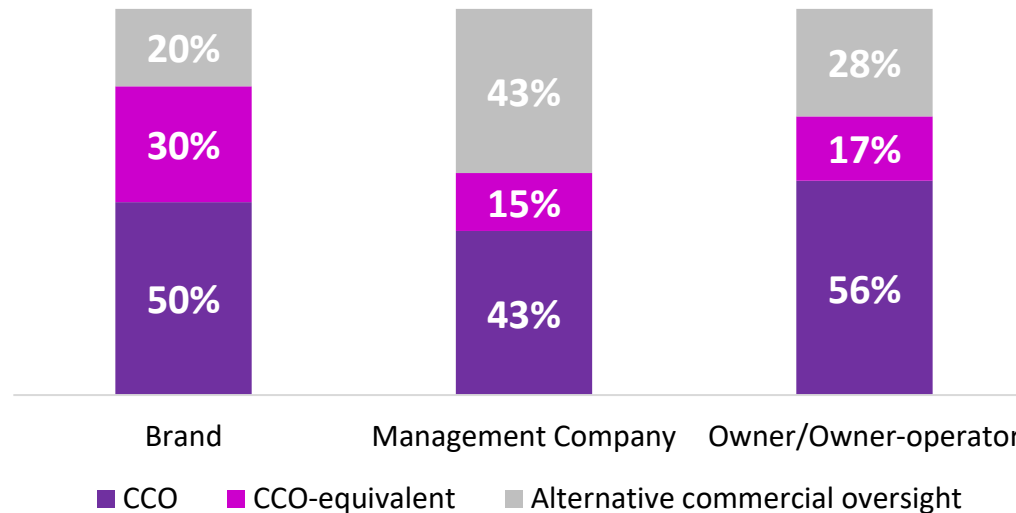
Within Brands, some CCO/CCO-equivalents have oversight of additional functions:

- **40%** Customer Engagement/ Guest Experience
- **30%** Loyalty
- **30%** IT
- **20%** Partnerships
- **10%** Procurement

³ 68 (92%) of the companies represented in this study have a corporate office.

Loyalty is under the remit of **5%** of Management company CCO/CCO-equivalents. **4%** of Owner/Owner-operator CCO/CCO-equivalents oversee IT.

Figure 4. Corporate commercial leadership by company type



Alternative Form of Commercial Oversight

For **60%** of the hotel companies that have an alternative form of commercial oversight, the Sales, Marketing and Revenue Management functions fall under the remit of one individual (e.g., CEO) who has a broader portfolio of responsibilities than that associated with a typical CCO. In the remaining **40%**, two or more individuals provide oversight (e.g., Marketing and Sales report to the president/CEO while Revenue Management reports to the VP Hotel Operations).

When asked to share their perceptions of why their company does not have a dedicated corporate commercial leader, participants attributed it to a number of factors:

- **20%** Legacy roles and reporting structures
- **15%** Company size
- **15%** Operations-centric company
- **15%** Lack of internal and external talent
- **5%** Lack of C-suite support

Essential competencies of a successful commercial leader

Participants' perceptions of the essential competencies of a successful commercial leader reflected two dimensions of competencies: Knowledge & Experience, and Skills & Abilities.

Knowledge & Experience

Participants spoke to four specific areas of knowledge and experience that a strong commercial leader should possess, in particular **51%** emphasized the need for prior exposure to all the functions under the commercial umbrella.

“A well-rounded understanding of how sales, marketing, revenue management, distribution and e-commerce all work together to drive performance. There are many people who have very specific expertise in one discipline or another. It's better to understand how they all work together.”

The three other areas of knowledge and expertise that dominated participants' responses included:

- **23%** Systems and tools [e.g., RMS, digital platforms, GDS]
- **17%** Finance/Reporting [e.g., P&L, forecasts, budgets]
- **13%** Operations

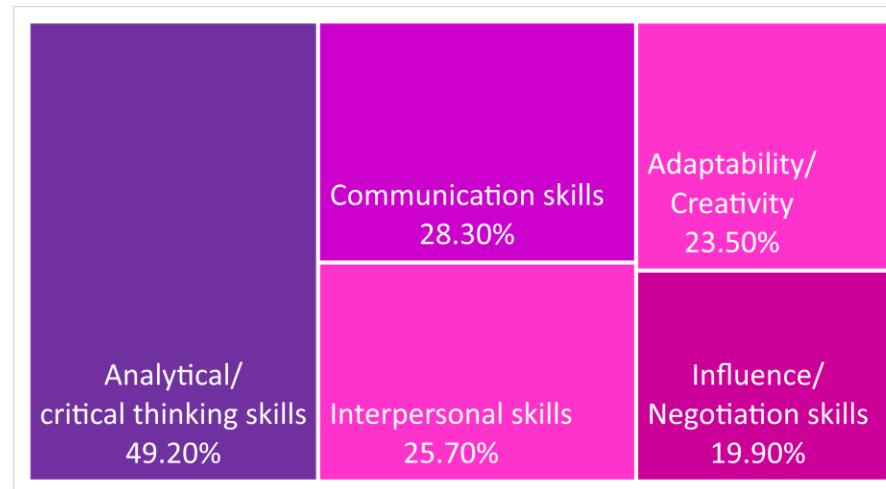
Skills & Abilities

A common perception among those surveyed was that a strong leader must possess a broad skill set enabling them to strategize effectively and to anticipate emerging trends, opportunities, and threats.

*“Individuals need to develop **strong leadership skills** [that] include the ability to inspire and motivate teams, manage conflicts, negotiate effectively, and make strategic decisions. Individuals [should be able] to **think strategically and anticipate future trends, opportunities, and threats to the business.**”*

As illustrated in Figure 5, five key aspects of skills and abilities dominated participants’ responses regarding the skills and abilities essential for strong commercial leaders: analytical/critical thinking, communication skills, interpersonal skills, adaptability/creativity, and influence/negotiation skills.

Figure 5. Skills and abilities of an effective commercial leader



The transformational power of commercial: Crafting your “own” blueprint for success

The transition towards a unified vertical commercial structure, as evidenced by survey responses, underscores a notable shift in the hospitality landscape. This shift aims to foster alignment among top-line revenue-generating functions in the pursuit of commercial objectives. Given that previous studies have demonstrated a correlation between superior commercial capabilities and financial performance, this transition to a formalized commercial structure to support the development of a robust commercial strategy is merited.

In recognizing the transformative power of commercial, it's essential for hotel organizations to comprehensively assess their current commercial framework so that gaps in commercial capabilities can be identified and addressed. This assessment should focus on both the commercial structure and the commercial strategy – two interdependent components of the commercial engine, each reliant on the complete formation of the other for effective operation.

The Commercial Structure

Let's be real – there's no “one-size-fits-all” solution when it comes to building a strong commercial structure. Data from this study suggests that the strength of an organization's commercial structure is rooted in effective leadership, diverse representation across commercial disciplines, an environment fostering mutual appreciation and understanding, and cohesive goals and incentives that drive collaboration.

When evaluating the commercial bench strength within your organization, consider the following questions:

1. Do we have the right person seated at the head of the commercial table?

Dedicated leadership to oversee the various functions under the commercial umbrella is paramount. A leader can provide direction and strategic vision, ensuring alignment across the various commercial functions. As indicated by participants' responses, this individual should exhibit the competencies essential for effective commercial leadership in terms of knowledge, skills, and abilities. And, sitting at the head of the commercial table should be an individual who can:

- Break down silos and promote cross-functional teamwork so that the organization can leverage collective expertise and resources more effectively.

- Establish clear objectives that align with overarching business goals, set measurable and attainable performance metrics, and design bonus and incentive programs that promote teamwork and cross-functional cooperation.
- Continuously assess opportunities to strengthen the organization’s commercial framework.

2. Do we have the right people sitting at the commercial table?

Your commercial team will drive commercial strategy by identifying and pursuing the right combination of activities to support that strategy. Those sitting at the commercial table should be commercial team members who:

- Represent the perspectives of Marketing, Sales, Revenue Management, Distribution, Analytics, and any other teams that support topline-revenue-generation.
- Understand and appreciate the scope of responsibility and contributions of other functional teams under the commercial umbrella.
- Understand the upside of trade-offs in optimizing top-line performance.

3. Are those seated – or who would like a seat – at your commercial table encouraged and enabled to operate in pursuit of shared commercial objectives?

To sustain the strength of a commercial team – it’s important to **keep** the right people at the commercial table and to **enable them** to operate in the pursuit of shared commercial objectives.

When asked what they thought would help the current talent pool in the hotel industry to upskill and prepare for a position in the commercial environment, participants identified three key paths to success:

- **85%** Internal cross-training across the commercial functions
- **82%** Certification in commercial strategy that is tailored by discipline (e.g., certification in commercial strategy for revenue managers; certification in commercial strategy for sales managers)
- **81%** Mentoring

Thus, leadership should ensure that the organization is providing these types of opportunities to strengthen the knowledge and skill sets of those sitting – or who would like to sit – at the commercial table.

4. How can the commercial structure for corporate teams be emulated at the regional and property level?

Arguably, the **benefits** of having a formalized commercial structure apply at all levels within an organization, not just corporate. So, then the question becomes: Is it feasible to replicate the commercial structure represented at the corporate level at the regional and property levels? Practically, there may be any number of barriers that prevent a hotel company from making this a reality. However, even within the context of these constraints, efforts should be made to nurture a commercial mindset among all individuals who work within commercial functions across the organization.

The Commercial Strategy

The meaning and scope of commercial strategy is no different from that of any other strategy. The long-established [fundamentals of strategy](#) tell us:

- **STRATEGY IS** the creation of a unique and valuable position, involving a diverse set of activities.
- **STRATEGY IS NOT** about *individual* activities or contributors.
- The **TRUE STRENGTH** of a strategy derives from how an organization's actions *interconnect* and *reinforce* one another to create a strong *competitive advantage*.

These fundamental components were clearly reflected in how participants in this study framed commercial strategy: a set of coordinated actions, plans and activities, with commercial functions integrating – rather than operating in silos - in the pursuit of common goals.

When evaluating what commercial strategy **IS** within your organization, consider the following questions:

1. What is the current state of our commercial strategy?

To know where to go next, you need to fully understand where you are now. Whether you are only starting or are well down the line in terms of the sophistication of your approach to commercial strategy, it may be a good idea to take a formal inventory of your current state. HSMAI's [Commercial Effectiveness Organizational Assessment](#) is a great tool that you can use as a starting point for assessing the effectiveness of your commercial strategy. This tool will enable you to assess and score your implementation of 11 key drivers of commercial excellence (e.g., market insight, segmentation, and growth priorities). In doing so, you will be able to pinpoint areas of strength and opportunity and take targeted actions to address them.

2. Is our commercial strategy agile?

Hand in hand with assessing commercial strategy effectiveness is evaluation of its agility. All organizations need an agile strategy that continuously adapts to an unpredictable world. Any attempts to create and stick to long-term plans are inevitably doomed if the commercial team fails to adapt to changing market dynamics and internal challenges. It is important to frequently reassess the efficacy of your commercial strategy to ensure that you identify, and can plan for, potential risks and opportunities, and ultimately remain ahead of the curve. An agile and iterative strategy allows for well-planned interventions along the way and is key to creating sustained value.

3. Does my commercial strategy reinforce the strength of my commercial team?

A strategy is not about individual contributors. A strong commercial team is the foundation of any successful commercial strategy. Ideally, a robust commercial strategy should, in turn, enhance the team's effectiveness. Aligning tactics with shared incentives/goals across all commercial team members will enable a company to leverage the combined strengths of the team and eliminate inefficiencies and duplication of efforts. Ultimately, when the commercial strategy and team work in tandem, they form a symbiotic relationship wherein each reinforces the other's strength.

Embrace the Power of Commercial

It is an exciting era of transformation within the hotel commercial space. A strong commercial team and a well-defined commercial strategy are invaluable assets for any hotel company. By leveraging a cohesive team that is aligned with a clear strategy, you can navigate challenges, seize opportunities, and consistently deliver value to customers, with far-reaching benefits from increased revenue and market share, to improved customer satisfaction and long-term sustainability.

Ultimately, investing in a robust commercial function is not just a strategic choice; it's a pathway to enduring success. There is no one-size-fits-all when it comes to the structure of a commercial team or the way in which they approach commercial strategy development. And different hotel companies are at different places on the commercial effectiveness continuum. It is not about making giant leaps. It is about laying a solid foundation and taking consistent and deliberate steps towards long-term commercial success. That can start as simple as taking actions to foster a commercial mindset and culture among contributors in the commercial space.

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About the Authors

Breffni Noone is an Associate Professor at the Pennsylvania State University School of Hospitality Management where she teaches revenue and profit optimization, and data analytics. Her research focuses on revenue optimization in the restaurant, hotel, and leisure industries, and she has published over 40 research articles in academic journals, and several book chapters. She is a revenue management consultant to hospitality enterprises and provides executive education programs in revenue optimization and data visualization. She is a member of HSMAI's Revenue Optimization Advisory Board and the HSMAI Foundation Board.

Chris Boyd is an alumnus of The Pennsylvania State University Class of 2023, where he earned degrees in Hospitality Management and Music. He serves as a Revenue Management Specialist at Hilton, overseeing a portfolio of 15 hotels across the United States, and is currently pursuing a secondary degree in data science from the University of Maryland Global Campus.

About the HSMAI Foundation

The HSMAI Foundation is a 501c3 organization established in 1983 to serve as the research and educational arm of the Hospitality Sales and Marketing Association International. The Foundation's mission is to elevate the overall caliber and performance of sales, marketing, and revenue management professionals in the global hospitality industry by driving initiatives that will attract new talent, develop emerging talent and engage existing talent. The work of the Foundation is supported by private donations and [Corporate Talent Partners](#). Visit www.hsmaifoundation.org for more information.

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