

Hotel Asset Management's FIVE Best Factors For Sales & Marketing

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By Alex Sogno, CEO - Senior Hotel Asset Manager at Global Asset Solutions and Eliana Levine, Junior Consultant at PKF Hotel Experts

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Hotel asset management can have a positive impact on an asset's hotel Sales & Marketing (S&M) department.

They offer an external perspective and can encourage the team to think outside the box and consider all factors to optimize their strategy.

In order to generate productive input and offer good feedback to enhance the overall value, an asset manager will consider the following factors.

1. Gaining Perspective

First, they will obtain a good grasp of the macro-economic factors. This includes speaking with the local municipalities and tourist offices, understanding the market's main attractions and demand generators, identifying the big convention/conference centers and annual events, as well as discovering any unique characteristics the market has to offer (such as festivals, large corporations, etc.), and any potential latent demand. They should also become familiar with the potential competitive sets. By gaining a thorough understanding of these factors, an asset manager will be able to guide the S&M team to optimize their strategy and take advantage of their given market.

A hotel asset management team offers an outside perspective. This allows them to evaluate the current S&M strategy and identify any areas that may have been missed, require more attention, and pinpoint the important focal areas. An asset manager assumes the role of the go-between for the owner and operator, ensuring the operations are being optimized to realize the owner's objectives and enhance the asset's overall value. This also involves managing the owner's expectations and ensuring they are feasible and achievable for the

management team. In this role, the asset manager can determine if the S&M strategy is taking enough risk and adjust it to reflect the owner's risk strategy.

2. Resources

In terms of resources, the asset manager can influence many different components. First off, if there is a need to hire or replace a Sales & Marketing Director, they should be involved in the hiring process to the extent that the management agreement allows. Some contracts may limit their involvement to approval rights; however, it is in good form to give the asset manager a chance to review the candidates' profiles as well.

Their input can ensure that the candidate has the right experience for the specific asset (leisure, corporate, MICE, etc.), is reliable and capable of delivering on the owner's objectives and has a good rapport with the owner. The asset manager can also influence the reporting structure between the Revenue Manager, Sales Director, and GM, so that is it best suited for the given property. It is crucial that the S&M director and Revenue Manager are able to work together and have clear communication for a successful operation.

The hotel asset management team can impact the property-above property (corporate) relationship. The regional team's involvement can vary significantly between properties as it depends on the brand and the corporate structure. The property's S&M strategy will greatly depend on any corporate promotions and activities which will guide the property's plan. This may be an area where the on-site team can save if they are able to rely on corporate marketing, and it is essential that their plan is in line with the regional strategy. They can also request more support from the corporate level, something that the GM may be hesitant to do, so that their involvement represents the fees paid out by the owner.

3. Channel Management, Visibility & Positioning

One of the most crucial areas to review that factors in several components are the hotel's channel management and distribution set up as well as the hotel's general visibility and online presence. This involves reviewing the current OTAs and booking engines that are being used as well as the rate parity and commissions. It is essential to question which tools are necessary and which can be eliminated based on the hotel's presence, brand recognition, website, and direct booking scheme. It is also important that the preferred channels are being used based on the target market's location as these vary between regions. This also involves reviewing current agreements with travel agencies and wholesale rates. Rates and packages should be evaluated and booking policies should be checked.

A large component of the hotel's visibility also requires an extensive social media plan, and a good search engine optimization strategy is crucial for a hotel's success in this modern age. All social media platforms, including Facebook, Instagram, Snapchat, Tiktok... as well as the hotel's Wikipedia page, should be reviewed. Third-party PR and Social media companies may

be considered to improve the hotel's overall presence, but a concrete financial review should be in place to control the production of such external companies.

Similar to the aforementioned, is reviewing any consortiums (i.e., Virtuoso, Fine Hotels & Resorts, AMEX, Leading Hotels of the World, etc.) the property is currently a part of and consider alternative viabilities. It should be determined whether the annual fees required to be part of the consortia are worth the business that is generated from them and if there are alternative options that should be considered instead of or in addition to.

An asset manager should also review all current policies, contracts, and clauses that are in place for wholesale business, groups, and transient guests. This requires checking the discount levels, number of contracts, allotments, packages and ensuring there are good cancellation policies in place. Additionally, the asset manager may review the sales department's key contract to determine if they generate enough business and if there are any worth letting go of. They can also refer to their macro-environment analysis to see if there are any opportunities and clients that may have been missed and prioritize generating new business.

The macro-analysis can also be used to determine what local opportunities can be incorporated into the hotel, such as engaging or partnering with local businesses and suppliers and providing local offerings for your guests (e.g., a popup bar branded with a local winemaker). Hotels are becoming more than just a place to stay for the night but rather a place to live.

For luxury, upscale, and lifestyle brands, we encourage operators to have an "entertainment activation team" to create an event calendar and to surprise the guests who utilize the F&B outlets and other ancillary departments. The S&M team should take the initiative to create and attract new demand, especially for locals, rather than waiting for the client to come to them.

Additionally, throughout the S&M plan, the asset manager should consider the hotel's overall positioning, reputation, and performance within its competitive set to determine where they compare to the market and if there are areas to be improved. Once again, it may be beneficial to bring in a third-party PR company to enhance the hotel's overall image and perception within a given market.

4. The Budget

When reviewing the S&M department and the S&M plan, the asset manager should also consider its role in the hotel budget. It is vital that the department has a budget that can support the plan and expected activities but should not spend more than the revenues it expects to generate throughout the various outlets. It should, however, have enough funding

to support the initiatives in place and any current trends. Differing from the rest of the budget, the S&M portion should be planned and focused around current and future revenue-generating activities rather than the historical budget and initiatives.

Finally, as the asset manager reviews the S&M budget, they should evaluate the departments' current costs, including those related to entertainment, franchise fees, collateral, loyalty programs, media & PR, barter agreements, operator hidden costs, and various dues and subscriptions.

Post-Covid, we would recommend increasing the S&M budget as this will not be a typical recovery. The corporate workforce of all operators has been reduced significantly since early 2020, reducing their tactical supports to the hotels, which may slow down profit recovery. Therefore, the recovery strategies must be orchestrated by ownership and the asset management team. Experienced hotel asset managers will drive critical actions: reflect, restart, and revitalize the operation quickly. These actions will help businesses recover and turn the crisis response into a successful operation for the future by laying the foundation to thrive in the aftermath of this crisis. Be ahead of your competitors and boost profit recovery.

5. Best Practices

There are several best practices that an asset manager should implement as part of their S&M plan.

They should request the team to create a S&M plan for each revenue-generating outlet. This would include the Rooms (e.g., how to sell suites), Food & Beverage, Events department, the Spa, and any other outlets that create significant revenue for the hotel. Having an individual plan for each outlet will ensure that each is being used and marketed to their full potential, rather than just selling the rooms. Special promotions and events will generate external guests to utilize the outlets, even if they're not staying at the hotel.

The asset manager should also require each department to submit initiatives each month. This will generate unique ideas and gain the employee perspective. While not all will be feasible, it will help keep the ideas and S&M plan fresh, and many positive initiatives may be implemented.

As mentioned briefly before, it is essential that the asset manager encourage the ops team to be proactive when it comes to generating new demand, rather than waiting for bookings to come through. This will be a crucial component of the S&M plan, and the strategy should be discussed thoroughly.

The hotel should also implement a growing price strategy where the ADR is slowly increased as the reservation date approaches. This will be an initiative for the S&M and Revenue Management team to collaborate on.

Lastly, it is vital that all S&M initiatives achieve an ROI when possible, set a target date, and identify the responsible person or party to execute the initiative



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