This is an exciting time to work in the hospitality industry. Major trends are playing out before our eyes. Leaders are being forced to live by Thomas Paine’s directive: “Lead, follow, or get out of the way.”

THREE EXAMPLES:
Consolidation: The global marketplace is seeing large brands like Hilton, Starwood, Marriott, Intercontinental Hotel Group (IHG), Hyatt, and Fairmont leverage distribution, consistency, and buying power to deliver exceptional EBITDA results (Earnings Before Interest, Taxes, Depreciation, and Amortization). This can only mean the big brands will just keep getting bigger and stronger.

Convergence: As consolidation continues, innovations like online small-meeting packages will occur as companies strive to leverage technology in an effort to achieve process improvement and attract new customers. Technology is shaping the way businesses will work with customers who are reluctant to interact in person and/or by phone.

Co-creation: The Web is enabling customers to shape your value proposition by telling other customers whether they should buy from you or not in the virtual marketplace.

The companies that will survive and prosper will be those that are nimble enough to make quick adjustments to the marketplace. The good news for independent hotels and small companies that serve the industry is they can usually make decisions and adjustments far more quickly than the big chains. That can make the difference between success and failure.

HERE ARE THE TRENDS YOU SHOULD BE WATCHING

TREND 1: Consolidation and Procurement
In most organizations, the top three largest budget line items are wages (people), materials (cost of goods), and travel (business travel and meetings). As organizations look for ways to save money and streamline business operations, they’ll continue to manage their meeting and travel expenses through consolidation and procurement practices.

The trend toward centralization and consolidation is real and will affect every company that serves the hospitality sector in the months and years to come.

What are the strategic implications for sales?
- 50.5% of meeting functions are partially or completely centralized
- 75% of respondents say procurement plays some role in purchasing decisions

Source: MPI FutureWatch 2008

Sellers need to learn how to effectively sell to procurement managers yet retain enough margin to make the business profitable. This requires more training and new sales tools and resources. In the future, sellers will continue to rely on relationship management skills, but they’ll need to evolve into better businesspeople who take a more strategic and consultative approach toward customer interactions. Sellers will need to develop the skills to find innovative ways to help both parties make and save money. The role of sellers in the future will rely less on making sales and more on building customers.

TREND 2: Vertical Market Segmentation
More and more sales leaders are taking a page from the playbook of leaders in other industries (pharmaceutical, manufacturing, automotive, and telecommunications): sort your customers by value and effort, not just the standard approach of “largest revenue producers.” Here are some examples.

Value drivers:
- Loyal (repeat, referral, cost-effective)
- Does not treat your offering like a commodity
- Pays on time
- Collaborative
- Experiential—values innovation

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Effort drivers:
• Easy contracting
• Quick decision making
• Few billing disputes
• Responsiveness to your sellers
• Professional in their interactions
• Centralized procurement

Why should you take this approach?
The purpose of segmenting a market is to allow your marketing/sales program to focus on the subset of prospects most likely to purchase your offering (destination or hotel). The benefits of taking this approach are that you are more likely to achieve your sales and marketing return on investment and to stretch your budget dollars.

You should be taking these actions now to achieve competitive advantage:
• Identify your most and least profitable customers.
• Group your customers by factors such as geographical location, size, and type of organization, type, and lifestyle of consumers, attitudes, and behavior.
• Focus your marketing on the customers who will be most likely to buy your products or services.
• Avoid unproven “niche” markets that will require significant investment and sales effort.
• Build loyal relationships with customers by practicing Strategic Account Management (SAM) for your best customer relationships.
• Improve customer service (especially the pass-off from sales to service).

TREND 3: Lead Management (between sales and revenue management)
More and more companies are evaluating the lead management process to find ways to respond to customers more quickly and select the most valuable leads for the sales team to work on. This kind of process improvement is very exciting. For many hotel companies, the vast majority of sales leads are small groups of fewer than 50 guestrooms on peak nights (anecdotal estimates are as high as 80 percent on average). Companies that find the right balance between sales (demand generation) and profitability (revenue management) will outperform the marketplace.

Furthermore, many CVBs and Convention Centers are joining the conversation and looking for ways to reconfigure their sales teams to manage leads more efficiently without duplicating the efforts of their hotel partner members. This kind of process improvement will reduce the redundancy in the sales process that we have seen for years between CVBs and hotels. For the CVBs that are successful, the likely result will be more and better business for their destinations and a more compelling value proposition for their members.

You should be taking these actions now to achieve competitive advantage:
• Streamline the sales process and shrink the time it takes to qualify, forward, or turn down new business (leads).
• Allow short-term business (within 45 days of arrival) to be evaluated directly by revenue management—continue to have larger and more complex long-term business managed by the sales leader(s).
• Continually fine-tune sales deployment to support effective and efficient lead qualification and fast turnaround/response time (staffing ratio between sales managers and sales support).

Conclusion
In this chaotic world, how do you know which trends to track and respond to? If you’re responsible for sales, revenue generation, and customer management in the hospitality sector today, the aforementioned trends are already affecting the marketplace. The choice you have to make is how you’ll respond to them. In other words, “lead, follow, or get out of the way.”