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Upsell: Capitalize on the most profitable incremental revenue

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During these difficult economic times, we continue to see price wars in almost every market, even though reputable studies show discounting doesn't increase volume as much as it decreases revenue. So, assuming hotels are battling it out using price to capture roomnights, one must pose the question: "Are they capitalizing on the most profitable form of incremental revenue?" In other words, how good is their upsell program?



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A good reservations and front desk upsell program is worth its weight in profitability. In many cases, 95 percent of the incremental revenue drops to the bottom line in profit. But it's surprising how few hotels have a solid, successful upsell program. These programs often fail, or fall short of expectations, for many reasons. Here are the ones I see most frequently:

The perception of trying to sell guests something against their will (something they don't want) versus seeing this process as a service to the guest that involves offering options;

The belief upselling is unprofessional (being pushy like a used car salesman);

A lack of confidence and training in basic selling skills; only those with natural selling abilities succeed, resulting in the same top performers each month;

- Insufficient incentive reward levels and variety to motivate staff;
- Complacency regarding room category oversells; blocking rooms becomes an operational task not an opportunity; upgrades are done routinely and forfeited revenue is never tracked;
- The tendency of staff to project their own perception of value onto the guest (perceiving guest room rates as expensive);
A lack of variety, creativity and excitement within the incentive program;
- A lack of specific, short-term goals (hourly, by shift, daily, weekly, monthly, etc.)—staff often become disinterested if goals appear too distant;
- A lack of celebration/recognition (incentive awards get buried in paychecks), and GM/director of sales participation in recognition events is insufficient;
- The controller and GM are concerned incentive payments will become too much instead of seeing the program as a win-win-win (guests, staff and hotel) situation;
- The incentive program becomes difficult to administer; it's a source of frustration for management and staff; and
An absence of ongoing sales training initiatives that address recurrent training needs and turnover.

It's not surprising many of these issues are operations and services oriented and have little to do with salesmanship. Yet operational inconsistencies can impair a willingness to participate in upsell and walk-in sales programs. In my experience, the following two-step process works well consistently no matter the size of hotel:

Step 1: Program assessment, upsell and walk-in sales skills training and script development

- a) Refamiliarize the staff with the physical product, a competitive environment and current pricing initiatives.
- b) Management meets with reservation/front-desk agents to understand operational challenges and the dynamics of departmental relationships and to facilitate program buy-in better.
- c) Management observes the reservations department and at the front desk to establish a better understanding of guest attitudes, needs, expectations, challenges, obstacles, best practices, etc. They don't assume they know what it's like to be in the shoes of frontline agents.
- d) Basic salesmanship skills training is undertaken, including the creation of scripts for different scenarios (room category, market segment, guest type, etc.). Sales training includes proficiency in seven basic skills:

1. Quality of greeting
2. Qualifying the needs of the guest
3. Ability to connect features to benefits
4. Rate quoting (timing, offering, rate quote methodology)
5. Ability to overcome objections
6. Closing the sale
7. Overall attitude, friendliness and professionalism.

Step 2: One-on-one coaching, incentive plan development, follow up on program's progress

- a) Strengthen coaching skills of senior reservations/front-desk manager(s) to ensure they're able to provide direction, support and encouragement during the sales process.
- b) Based on feedback, develop/redevelop an incentive program to improve the level of participation, reward and revenue generation. Use a combination of rewards that include cash, products, gift certificates, days off, getaways, departmental activity funds, etc.
- c) Set sales goals starting with one upsell per shift per person and gradually increase.
- d) Conduct follow-up department meetings dedicated to fine-tuning scripts, discussing which initiatives are working best. Revise program details as necessary.

The key to capturing profitable upsell revenue is constant vigilance and the fine-tuning of the program. Great upsell incentive programs are never put on autopilot. Dedication and hard work are required, but capitalizing on the purest form of profit is worth it.

