

Maximising potential

Upselling is more than a short-term revenue opportunity, writes *Jane Ram*

Money is not everything when it comes to assessing the value of upselling, cautions Sven Gevers, regional marketing director Asia Pacific, Orient-Express Hotels Ltd.

“It is more than a short-term revenue opportunity. If relevant products, services or experiences upsold match or exceed client expectations, this can lead to our guests spreading the word about our good reputation.”

Gevers makes the point that the opportunities for return guests and increased numbers of guests are more significant for the industry than incremental revenues.

“‘Suggestive selling’, as it is also called, can have a wide array of influences and mostly exposes customers to options they might not have previously considered. As such, non-revenue generating experiences are also often targeted. If a guest is upsold a better product or encouraged to join a hotel GM’s cocktail, the art of engaging them to do something he or she might not have previously planned is the same.

“To generate incremental revenues, we should differentiate between upselling and bulk on-selling. For example, alluring the guest to a more expensive bottle of wine is the former, and selling a cake to go along with a coffee is the latter. In either event the staff need to be convinced about the benefit to a client.”

Gevers believes that special training sessions with the staff need to be conducted so they can learn to identify what is in it from the client’s perspective and are coached in the art of suggestive selling. To be effective, he says, some organisations do place special targets and incentivise their employees.

“We train our employees to emotionally engage with our clients and how to best describe a product, service or experience. Fundamentally we involve our employees in generating the ideas and strategies, as usually they know best what our clients would really like to experience and do. With our employees fully engaged in each and every process, they are most passionate in assuring exceptional client satisfaction.”

Role-playing for realism

At the Mira Hong Kong, managers and supervisors conduct role-play sessions with staff to make the upselling more natural, says general manager Gerhard Aicher.

Meanwhile Roger Habermacher, GM of Ayana Resort and Spa and Rimba Jimbaran Bali, says upselling is an art, as it must not be

done in a way that makes guests feel pressured.

“Upselling should cater for specific guest preferences, such as suggesting newly-weds enjoy a romantic dinner on our private pier, or informing parents of special festive activities for their children.”

Cautious approach

The Peninsula Hotels’ Simon Yip, vice president, sales, says that while they believe upselling is a good opportunity to increase revenue, this strategy must be approached very carefully as they do not want to be perceived as taking advantage of their guests and their expectations for their stay.

“We would not approach a business traveller with a suggestion to upgrade, as they are bound by their expense report, know exactly what they need for their stay and so would not need nor consider paying for an upgrade from a room to a suite.

“On the other hand, it makes good sense to a honeymoon couple who have booked their ‘trip of a lifetime’ through a tour operator, in order to give them the option to create additional special memories, or perhaps to a family travelling together who might appreciate more space for a more relaxing stay. In general, we don’t make large revenues on upselling per se, as we use it as a service to provide additional benefits to our guests.”

When the hotel team is trained and incentivised to enhance the guest’s experience, the upsell progresses naturally, says Roland Jegge, Worldhotels executive vice president, Asia Pacific.

“A common mistake the front office staff can make when implementing an upsell programme is to establish higher revenues as the ultimate goal. That’s when a guest’s experience is almost always diminished.”

As consumers’ booking habits shift from traditional channels to online reservation, upselling becomes increasingly important, says Jegge. But he cautions that online upselling success is very dependent on professional photography and descriptions showing customers the different products and services available.

“Online platforms allow hotels to consistently automate package add-ons and/or room upgrades to their customers with clarity and an enhanced sense of value. This dynamic packaging is a key feature in Worldhotels’ newly enhanced internet booking engine.”

Indra Budiman worked with a number of hotel groups before he took up his present position as CEO Hansar Hotels & Resorts. He comments that successful upselling will vary according to the type of clientele.

“The resort/leisure based hotel with a majority of FITs (independent travellers) will have higher capturing rate. Based on my experience the upselling programme can boost up to 20-25% incremental revenue.”

If the hotel gives too many upgrades that will mean fewer upsell opportunities, warns Budiman. He also cautions about the ability of the front liner in explaining the product to any potential customer. “The explanation has to be accurate yet needs to be done in a professional manner, or the guests will get the impression that they are being pushed to buy the higher category of product.

“Two weeks of intensive training on the upselling programme can be the key to success, where this training will cover the theory, how to sell and a coaching session. The challenge will be more complicated if staff have limited English proficiency, as this can create misunderstandings when they do the selling.”

Marcos Cadena, group director electronic distribution with Minor Hotels Group, says you need to have the technology to do it correctly – to segment the market and make the right offer to the right customer.

“From our booking engine we’ve seen a significant increase since



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we launched the new system allowing us to sell room upgrades and other revenue sources, such as spa, dinner reservations, transfers etc. This has given us an additional 20% of revenue. Since we launched the new booking engine we have been very focused on upselling other revenue streams.

“For us the strategy of using A/B testing allowing us to portray our product and checking what sells better has been very effective. We are currently using our own in-house developed booking engine connected to our MADHIS central system. We started the ‘go live’ process in October 2012 and finished the process across all hotels and different brands in November 2013.”

According to Jegge, the percentage of a guest’s total charge would vary depending on the types of upselling purchased but most often would add an additional 5-25% at checkout.

Singapore-based training company TSA Solutions has a proven regional track record stretching back almost 25 years. “In 2013 alone we are expecting to help our partners produce more than US\$150 million in incremental revenues from front desk upselling,” says Klaus Kohlmayr, chief commercial officer.

“The combination of education, tools and performance management processes – you can call it ‘high touch and high tech’ – helps us maintain performance at very high levels throughout the partnership.”

One of the world’s largest hotel companies, IHG, partners with TSA Solutions across 77 of its key contributing properties. “We know there is an intrinsic value to what TSA can offer over and



Mira Hong Kong general manager Gerhard Aicher – managers and supervisors conduct role-play sessions with staff to make the upselling more natural

above what we can do at the hotel level in terms of upselling,” says Patrick Wimble, IHG’s director of commercial performance for Asia, the Middle East and Africa.

“TSA is recognised as one of the leaders for what they do, and deservedly so, because simply put, the ROI is there. TSA is continually offering strategy and tactics for upselling and revenue maximisation, constantly looking at ways to drive that additional revenue, while delivering absolute value to the guest.”

TSA’s new flagship product, myDashboard, delivers at-a-glance key performance indicators of upsell performance across all hotels in a company’s portfolio, including impact on RevPAR performance. “This allows the hotel company to see performance across all hotels, not just the ones using the TSA Front Desk Upselling solution, and helps understand which non-partner hotels could take their performance to the next level with the help of our programme,” says Kohlmayr.

“In some markets, hotels have already achieved their natural market cap in average rate: upselling can provide an additional 2-3% RevPAR uplift – 100% driven by ADR increases without having to increase published rates. As the increase is purely through ADR increases, it comes at a very high flowthrough profit margin for the hotel.” **AHCT**