

SALES AND MARKETING

Introduction

Sales and marketing activities in a hotel mainly refer to marketing and reservation of rooms and offering of special rates and complimentary rooms to customers, such as travel agencies, airline companies and corporate clients, etc. Common malpractice found in these activities often involves compromised staff accepting advantages from travel agents or airline companies for reserving rooms for them during peak seasons; or offering advantages to travel agencies, airline companies and corporate clients for securing business contracts from them; or referring business to other hotels for personal advantage; or offering special discounts/complimentary services to unqualified customers/business associates, or conspiring with travel agents to forge hotel room bookings in order to meet the sales quota set by the hotel.

While malpractice involving colluding parties may not be easy to detect, this chapter aims at suggesting some preventive measures which could help hotel managers to detect and deter malpractice.

Control of Hotel Room Reservations

The number of hotel rooms available usually falls short of the demand during peak seasons and hotel customers (e.g. travel agencies/airlines) may have to compete for room reservations. Hence, it is important for the hotel management to ensure that the allocation of rooms to customers by the sales and marketing staff is conducted in a fair manner according to the hotel's policy.

To enhance control and reduce the risk of manipulation, the following measures are recommended:

- **Guidelines on booking and allocation of rooms** should be laid down, including the policy, allocation criteria and procedures (e.g. the deadline for reservation, allocation method, policy for early-bird discounts/complimentary offers, and authority to approve reservations/discounts/special offers).
- If rooms are allocated on a **first-come-first-served basis**, the priority order of customers should be properly recorded and spot-checked by the management.
- A **computer system** with an audit trail function could be used to record the booking, allocation details, and any amendments (such as the date of booking, discounts offered, particulars of the visitors registered by the travel agencies, deadline for confirmation of booking, etc.).
- The **sales transactions of individual staff** should be **recorded in the computer** where practicable. The hotel management should **monitor** the **sales patterns** with a view to detecting any irregularities, e.g. a sudden sharp increase in business transactions could indicate possible collusion with a travel agent to forge room reservations for the purpose of meeting the sales quota set by the hotel, or a sharp decrease in transactions could be a sign of diversion of business to other hotels.
- The senior managers should **be abreast of the ongoing rates in other hotels** for the purpose of comparison and monitoring of the discounts offered by the sales and marketing staff to customers.
- The senior managers should maintain **regular contact with customers**, particularly the long-term business partners, to obtain their feedback on the hotel's services or any irregularities involving the hotel staff.



Control of Commissions and Rebates

Sometimes, hotels may launch incentive schemes to offer commissions and rebates to business associates, customers and staff.

To reduce possible risk of abuse, the following safeguards are recommended:

- The hotel should make known to its business associates, customers and staff its ***policy for commissions and rebates***. It is prudent to ensure that the recipients have the employers' permission to accept such offers because unauthorized acceptance may contravene Section 9 of the Prevention of Bribery Ordinance and the offeror may also be implicated. Hence, it is advisable to make a "company to company" offer instead of an offer to a person.
- In the case of long-term partners or valued customers, the offer of commissions and rebates could be laid down ***in a contract*** under specified conditions.
- Proper measures should be adopted to ensure that commissions and rebates are paid to ***bona fide customers*** (e.g. making follow up checks with customers).
- Each case of offer should be supported by ***proper documentation***, such as records of payment, authorization and receipt.