

Measuring and Incentivizing Front Desk and Reservations Upselling

By Doug Kennedy



Chances are that like most hoteliers this time of year you are busy formulating your financial game plan for 2018. If so, I'm pretty sure your owners or asset managers are looking for more revenue, as all owners seem to do every year. With occupancies performing well in most markets, unless you are planning to build more hotel rooms the only way to squeeze out more revenue is to increase ADR.

Implementing a front desk and reservations upselling program, or improving the one already in place, can help your hotel achieve its revenue goals.

Of course, one component of a successful upselling program is training your frontline front desk and reservations colleagues on guest engagement tactics, which I have addressed in previous training articles.

As important, however, is implementing the best practices for measuring results and incentivizing success.

It's easy to measure front desk upselling by simply having colleagues document incidents where a rate change was made at registration. Depending on your PMS system, this can be done by flagging reservations or by having them do a print-screen and manually turning it in to a supervisor.

It's also generally easier to obtain approval for an incentive for front desk upselling, as the colleague clearly had a role in encouraging the guest to upgrade. (Granted, very occasionally guests might ask about paying more for a better room.) Therefore, most front desk upsell programs I run across pay either a flat rate per night or a percentage of the revenue for each incident.

However, based on my experience in implementing front desk upsell training programs for our KTN clients, what I often see is colleagues generally focusing on scoring a "grand slam home run" (forgive the baseball analogy) by occasionally upselling a few big-spending guests to top-tier suites. While this is certainly a good thing, they are often not also upselling more typical guests to higher-rated rooms, and thus failing to actualize their full potential upsell revenue.

Sure, it is nice to be able to upsell the four bridesmaids who are sharing a double-double to the master suite for a long weekend and nail-down a large commission. Yet most hotels have only a handful of specialty suites, while they have a large number of higher-rated room categories that are routinely given as free upgrades as a result of the over-selling of minimum rate categories.

Instead of only going for the "grand slam" upsell to the master suite, colleagues should also be encouraged to "dink and dunk" their way down the field (forgive the American Football analogy).

Recommended best practices:

- Continue to measure and track each incident of upselling and continue to incentivize them to upsell to master / specialty suites. (Or start doing this if you are not!) Likewise, continue to track total upsell revenue.
- Start to also measure and track the number of “upsells by category,” or if you have a large number of categories, track the “average revenue per upsell per incident.” (Divide upsell revenue by number of upsells.) This will help you identify whether colleagues are generating revenue only from a few suite upsells, or from the day-to-day one-category room upsells.
- If you are incentivizing only for the colleague who achieves the highest “total upsell revenue,” add an incentive for the total number of upsells.
- If you incentivize colleagues for each upsell achieved, do not incentivize the entire stay, since it is very unlikely that a front desk colleague can encourage a guest to stay longer. Instead, pay a flat charge per upsell. This might be a higher percentage of the upsell revenue for a small rate jump up of one room category, and a lower percentage of revenue for a large rate jump for a suite upsell.
- Encourage the staff to upsell to guests who arrive extremely early. Sample dialogue: *“Mr. Chopra, the standard room you reserved was occupied last evening and is still being serviced. Although our official check-in time is 4pm we’ll do our best to get it to you sooner. However, right now I have a deluxe room that was open last night and is already open. The normal rate is \$X, but I can put you in that right now for just \$Y more. Does that interest you at all?”*
- Train the team to recognize the best prospects for upselling. This includes pre-paid reservations, requests for special locations, requests for connecting rooms, and those who have booked multiple rooms.

Measuring and Incentivizing Upselling For Voice Reservations

At first glance, it seems more challenging to measure reservations agents’ success at upselling to higher-rated rooms and suites; it’s unclear if a caller requested the premium room or suite without prompting, or whether the agent worked for it. Therefore, many executive managers will not approve an upsell incentive for voice agents, often saying something like: “That’s their job! We don’t need to pay them extra for it.”

Sure, it is hard to directly tie agent performance to any given upsell incident. However, agent performance can be measured by tracking the “average revenue per confirmed reservation.” Simply take the total revenue sold, divided by the total number of bookings, for any given month or week. Then compare on a “by agent” basis. You can use recent history to establish a baseline, then incentivize agents for a) improving the team’s overall average revenue per booking and b) individually achieving the highest average revenue per booking vs. the team.

Doug can be reached at doug@kennedytrainingnetwork.com