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## **SALES CHALLENGES OF CORPORATE HOTELS IN AUSTRIA**

**Summary.** *This study examines the sales challenges of corporate hotels in Austria, focusing on market dynamics and strategic responses. Since the late 1960s, non-Austrian hotel chains have targeted Austria's growing demand for high-quality services and conference infrastructure. Key challenges include developing tailored sales strategies, managing meeting room efficiency, and adapting to digital sales channels and CRM technologies. Interviews with corporate clients reveal the importance of understanding market trends and customer behavior. Case studies of successful sales initiatives highlight effective strategies. The study recommends ongoing training for sales teams and innovative CRM approaches to maintain competitiveness.*

**Key words:** *hotels, Austria, corporate tourism, sales strategies.*

**Introduction.** In the late 1960s, the first non-Austrian hotel chains began to build hotels in Austria. Until 1975, about 20 hotels were built. Difficulties and even bankruptcies of some of these hotels were often the consequence, as they did not have sufficient knowledge of the market and target-oriented sales strategies. Guests are increasingly profit-oriented. The clientele is made up of companies and congress organizers who have become more discerning and expect a high level of rooms and

hotel services as well as extensive conference infrastructure. To meet these expectations is the goal of today's hotel industry, especially chain providers who are pursuing expansive growth targets. In Austria, there is a noticeable trend toward the construction of corporate hotels, which affect the traditional congress hotels in cities. When chains first opened business hotels in the years 1960 to 1970, their criteria for selecting the location were proximity to a station, a hotel zone ambiguous to the district or the nearest service station.

### **Overview of Corporate Hotels in Austria**

Corporate hotels are hotels that focus on offering service to corporate customers in general, but also to public customers. They often operate in different markets, such as individual (transient) business travelers, business groups and business tourists, conference, meetings and incentives travelers, congress and fair attendees, (state) organization envoys, and (business) tourists. They are divided into several standardized categories, represented by meeting the highest while adhering to mandatory hotel standards of comfort and services. Such chains are, for instance, Accor (Ibis, Mercure), Hilton (Double Tree), InterContinental (Crowne Plaza), Marriott International (Marriott), and Meliá Hotels International (Meliá, Inside). These hotel chains have developed different offerings, such as express check-ins and checkouts, in-house restaurants, fitness facilities, business lounge bars, breakfast buffets, snack facilities, complimentary WiFi access, and conference or banqueting facilities. The occupancy rate of such hotels is dedicated to corporate customers. By business tourists (layovers), group travelers, and public customers, such rooms are hired at a more reasonable room rate.

The Austrian economic structure is greatly determined by small and medium-sized companies, which significantly support economic growth, welfare, and employment. However, big international companies, which are mainly active in the IT, automotive, and consumer electronics industries, strongly push production. Due

to the high tax rates in central Europe, multinationals' headquarters are concentrated in Austria and Switzerland. For instance, Austria can boast nineteen companies in the Dow Jones STOXX 600 and forty-three in the Austrian Traded Index. These large international companies frequently undertake business travels, hold meetings and incentives, and sojourn in corporate hotels.

Austria is very popular with tourists and can boast a substantial growth in the quantity of tourist nights over the last few decades. The capital Vienna is the most popular destination with tourists, especially as a city trip destination. Furthermore, the cities Salzburg, Innsbruck, and Graz are well known among tourists. Each year, the national tourist offices endeavor to increase the expenditure of tourists in the Austrian economy by different marketing measures. The focus is mostly on attracting long-distance travelers, in particular from the United States of America, China, India, and Brazil.

### **Sales Strategies in the Hospitality Industry**

The sales departments of corporate hotels in Austria are present on the exact same performing and selling markets. Both segments purchase hotels; however, they have differing expectations for price versus the services provided. Both segments wish a profitable business stay, but in accordance with special incentives. The other dissimilar criterion at the purchasing site are the volumes per business stay, lead-time, frequency, choice and ratio. The sales department consisting of the sub-disciplines sales administration, direct sales, telemarketing, business travel, conferences, marketing, public relations and sales promotion must accomplish the resulting challenges with different strategies according to dissimilar orientation and heterogeneity of the customers, in order to reach the customer's appreciation with a broad base and to receive the highest possible price for the services offered by 5 sales activities.

## **Key Sales Metrics for Corporate Hotels**

Sales indexes can provide an effective way of measuring the individual sales person or the entire team's performance in the key achievement of the ratio of closed business from the contacts that are being made. Yield management concepts should be used but implemented on production and close rates as well, in order to have a dynamic measurement process that can be aligned to the overall operational capacity and demand alignment. The various transient segmentation numbers will mix the sales efficiency related to the clients and the market mix. Enterprise data warehouses and leading indicators, based on hotel historical knowledge, will provide the predictive insights that are necessary in understanding the performance of the sales team in terms of the drivers they can influence.

In order to measure the impact of the operational and market challenges on a corporate hotel, several key sales performance indicators can be derived from the hotel sales and revenue management reports. Sales margins that will represent the percentage of the sales amount to the final profit should be the demand drivers to the marketing and sales teams. Generating a high volume of sales without yielding a high relative margin can have a negative impact on profit performance.

## **Market Analysis of Corporate Hotels in Austria**

Characteristic of business hotels is the composition of their business, as well as their transient clientele. They need to invest in both room and meeting equipment in order to cope with the virtual office trends and maintain quality integrity in a physical environment. Consequently, room capacities for overnight stays are predominant, but meeting areas and their technical installations are of great value. Efficient meeting room management can maximize the capacity output rates of business hotels and have an impact on service operativity equality. For cities claiming any business locational advantage, business hotels, as central hospitality services, provide a significant contribution to a locational-based service strategy

aiming at value optimization. This benefits customers, suppliers, and the service region.

Current hotels in Austria are facing a hard time dealing with stagnating travel numbers, increasing costs, and individual customer needs. As a result, traditional values of the hotel industry are being challenged. Despite being concentrated in a few cities and situated in peripheral areas, business hotels are continuously regaining relevance. They contribute to environmental protection targets by reducing travel in favor of regional providers.

### **Challenges Faced by Corporate Hotels in Sales**

There are many articles that deal with sales in the hotel industry, analyzing various aspects from consumer behavior, Distribution Channel marketing mix to future sales behavior. Nevertheless, little evidence is held on what challenges there are with regards to the sales force. Furthermore, corporate hotels are scarcely talked about in research. This was one of the reasons to approach the present study to understand from the point of view of a general manager which sales challenges are of major importance in a corporate hotel in Austria. The contribution lies in the identification of the most current sales challenges in this very specialized branch.

Corporate hotels face numerous challenges when it comes to selling, which makes their sales activity harder. Salespeople working in corporate hotels should undertake a range of tasks, from generating sales (e.g., personal selling, engaging potential customers, e-commerce) to price elasticity, market segmentation, and so forth. The sales activities in the hotel industry are different and often more complex compared to other industries, due to the special requirements of the sector as well as the need to accommodate a competitive, price-sensitive market. In terms of price elasticity of demand, sales performances should track different results when a hotel is running promotions based on further studies. Corporate hotels also deal with OTA (Online Travel Agency) distribution and channel management, defining appear rates

to increase customer retention as well as managing online reviews to increase hotel possibility, footfall, and staying duration.

### **Technological Solutions for Sales Challenges**

A very common digital sales challenge that hotels deal with during the decision-making process is the need to gain information about market trends and customer behavior. The globalization of online sales channels, shifts in source markets, uncertainties about future market trends, and grip of online travel intermediaries all contribute to a reduced understanding of customer behavior and emerging segments. In order to assist with the knowledge gap, tourist technology companies, who have access to many sources of information through the tourist technology stacks and multinational technology companies, are emerging. The outputs they provide to hoteliers relate to continuously changing price, sales and channel mix, online media tracking, click-through rates, or overall performance on meta-search engines. However, as a result of this activity, central intermediaries are in charge of the most valuable (customer-related) information and control the price communication relation. There is also a potential negative effect on the visibility, desirability of a hotel, customer loyalty, relations, and willingness of future customers to book. The information services sold as part of their intermediary business model have influenced many hotels' investment decisions; leading to oversupply and over-investment in destinations with over-tourism complaints and creating gaps in low-density environments. To lessen the influence of central intermediaries and increase their own knowledge about preferred customer behavior and sales behavior, hotels are increasingly reliant on (digital) performance tracking tools which, apart from the C&I segment, resulted in control over the hotel industry.

Emerging market trends and shifting customer demands require hotel managers to constantly adapt their sales strategy. Digital sales channels and smart technologies are at the forefront of this change. This chapter discusses potential

digital solutions for the presented sales challenges of corporate hotels in Austria. The many sales challenges addressed in this study confirm that a strategic change of the hotel industry is necessary in order to overcome these and to adapt to changing customer wishes, needs, and market trends.

### **Training and Development for Sales Teams**

Training and development must cover a whole range of knowledge, skills, and abilities: knowledge of the history, service and facilities of the hotel; knowledge of the features and advantages of a product (i.e. the room, conference, and dining services); sales techniques; communication sales skills for handling appointments and working with clients; group interview skills for handling a group program; and discount meetings and available facilities. In addition to the sales team's level of knowledge, training and development must also target motivational and affective domains, which essentially drive activity. Attributes such as customer orientation, job commitment, positivism, teamwork, energy, and sales drive must be treated as important qualities to be developed and to be taken into account when selecting employees.

Today's business climate is, without a doubt, challenging, complex, and constantly changing. As a team of professionals, the human resources contribution to maintaining a competitive advantage is more important than ever. The input from various human resource functions includes recruitment, selection, orientation, performance management, compensation, and training and development. In Chapter 7, "What Corporate Hotel Sales Managers Do: A Departmental Job Analysis," it was stressed that in order to perform its sales activity effectively, a hotel must provide the sales team with ongoing training and development. According to the results of various needs assessments, training can have a wide variety of objectives such as improving the effectiveness of corporate sales managers, improving sales team



communication and problem-solving skills, avoiding time conflicts, and perfecting newly hired sales staff.

### **Customer Relationship Management in the Hospitality Industry**

CRM leads to the integration of all processes currently used to attract and retain customers. It involves the different components of the company, and the core of any CRM strategy includes customer-oriented functions such as sales and marketing, hotel infrastructure (accommodations, technology, and services), and human resource policies. These can be reflected by tangible objects, technology in use, and direct personnel contacts. The right employees are seen as customers' first point of contact, knowing everything about their customer demands and anticipating their requirements in advance. The primary factors of innovation capacity can lead to a "winning performance based on a better understanding of the customer's needs and on internal organizational processes taking the business there." These can go beyond CRM together with the service industrialization of CRM.

Introduction CRM is a management strategy that places the customer at the heart of the business to enable mutual benefit for both the customer and the enterprise. It is characterized as the 'core business strategy' focusing on customers. CRM in the hospitality industry contributes towards creating competitive advantages by developing organizational flexibility and talents. It enables hotels to respond to each customer's unique needs and make them feel special. It represents the innovation capacity and implementers' efforts to service industrialization. The hotel's attention to the detailed needs of their guests is crucial to maintain above-average performance.

### **Conclusion and Future Directions**

Due to the number of competitive hotels, and this study being limited to Austrian hotels, it is not possible to validate the impact and responses from the clients. While a small sample was used in the study, some previously unmentioned



points were raised and discussed, providing an interesting description of the guest-hotel relationship perspective. The study profile requires further examination of sales tools and a comparison of participants involved. Such a representation requirement does limit generalization of the results, but it offers an interesting perspective, including previously unmentioned issues such as costs, political lobbying, and package relaxation. With case study findings and recession implications coupled, the paper suggests alternatives for those involved in corporate selling.

Corporate hotels face numerous problems when dealing with corporate clients. This paper presents results from semi-structured interviews with Austrian corporate clients and offers different strategies for hotels to meet current and future needs. While discussing a small sample, some interesting and relevant ideas from a unique Austrian perspective arise. By examining sales challenges, we go beyond simply responding to customer complaints or desires and embark on a root-cause level analysis of the issues at hand. Having a greater understanding of potential causes will allow for more effective and efficient changes in the long run.

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