

Saimaa University of Applied Sciences  
Faculty of Tourism and Hospitality  
Degree Program in Tourism and Hospitality Management

Tran Thu Ha

# **The Possibilities of Smarketing in Accommodation Business**

Thesis 2019

## **Abstract**

Tran Thu Ha

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Instructor: Ms. Anu Kurvinen - Senior Lecturer, Saimaa University of Applied Sciences

The purpose of the research was to explore the current state of the Sales and Marketing department in hotels in the era of digitalization while at the same time evaluating the possibilities of Smarketing in the accommodation business.

In the theoretical part of the study, the main purpose was to discover how hotels organize Sales and Marketing and the possibilities of Smarketing. Previous studies have indicated that despite the supporting environment of advanced technologies, the collaboration of Sales and Marketing has not been optimized. Empirical data for this study were collected from nine semi-structured interviews with different Sales and Marketing members from five different hotels. These interviews provided an overview of the current Sales and Marketing department of the chosen hotels as well as the professionals' opinions towards the alignment of Sales and Marketing.

Consistent with earlier research, the study showed that certain problems are occurring within the Sales and Marketing department. Nonetheless, the results indicated that not everyone would welcome Smarketing. In short, Smarketing can be beneficial for the accommodation business, but further research and company cases are required to validate its impacts. The author also provided a guideline for Smarketing implementation at the end of the thesis. The thesis acts as a good foundation for the future study of Smarketing.

Keywords: Sales, Marketing, Smarketing, collaboration, hotels, hospitality

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# **1 Introduction**

“I do believe the modern sales leader has to be a marketer” – Matt Gorniak (Callahan 2017).

The statement from Mr. Gorniak has precisely depicted the direction of development and relationship between the Sales and Marketing divisions in the current business world, where their enhanced alignment is increasingly encouraged, due to the rapid changes in customers' behaviors that are heavily influenced by digitalization. Consequently, several Sales and Marketing alignment strategies and models were invented, one of which is Smarketing, in order to help companies to maximize revenue and achieve the highest productivity. In recognition of the new trend within the Sales and Marketing department, the thesis focuses on examining the possibilities of Sales and Marketing alignment (Smarketing) in the accommodation business.

Firstly, Sales and Marketing have been the core passion of the author throughout her university journey in the Tourism and Hospitality Management department and thus will become her future career path. Hence, a topic that is closely related to the department is in the author's priority interest. Secondly, since Smarketing aims at increasing the productivity of the Sales and Marketing department and optimizing the business development, this makes it an interesting topic and a time-worth research project that can benefit not only the author herself but also several other hoteliers and experts in the field. Moreover, Smarketing was invented in the 2000s, making it a rather new and current topic to learn and discuss. Finally, in the age of Millennials, where customers have the upper hand over businesses, and the Generation Y is the center of attention, the thesis targets the most recent hot topic in the economy nowadays, thus making the thesis very up-to-date and trendy, which hopefully will raise awareness and curiosity amongst readers.

## **1.1 Overview of the accommodation business**

The services industry has been one of the major contributors to a country's wealth and employment, with the hospitality branch being the key member of the sector (Buttle 1986, p. 4). Dated back to the 1800 B.C. when hospitality was a mere

reference to “tavern keeping”, a form of hosting people in small properties (Barrows, Powers, & Reynolds 2012, p. 274), the industry has since then experienced a significant expansion, reaching more than 700,000 hotels and resorts scattering across the globe, with a total number of rooms peaking at 15.5 million (Lake 2016). In 2017, according to Statista, the market size of the hotel industry was over 570 billion U.S dollars, driving the sector to the frontline of being the economic growth catalyst. As a result, this has made the hospitality industry in general and the global accommodation business in specific more sensitive to economic and social changes, demanding the market to be highly alert and adaptive to new trends while in turn making it easily influenced by any of the aforementioned movements.

The core business nature of the hospitality industry revolves around people. It stages a situation of constant interpersonal interaction, where people perform both ends of the production and delivery process. In other words, despite sharing a great deal of similarity with other business sectors, the hospitality industry differentiates itself by the provision of services, which includes a series of actions and reactions that the customers perceive after having purchased. (Powers 1990, p. 7). Therefore, the strategic development of the hospitality services is highly dependent on the customers’ interests and requirements, indicating that any particular change in customer behavior will have a direct impact on the operation of the hospitality business. Moreover, the guests will buy and remember more of the total experience offered by the property during the entire stay rather than just the room and its facilities (Powers 1990, p. 88). Hence, it is vital that the hotel does not only sell the physical products that it possesses, but it also sells the entire designed experience journey, the values and uniqueness of which will be best expressed and delivered to the customers by marketing. This characteristic has led to the belief that the efficiency and profitability of a hotel partly rely on the effectiveness of the Sales and Marketing department, whose collaboration is of utmost importance.

Furthermore, a notable feature of the hospitality industry lies in its customer segmentation. Unlike other product businesses, hotels deal with both business-to-business (B2B) and business-to-customer (B2C). On one hand, hotels offer

accommodation and meeting facilities to corporates, airlines, governments, and travel agencies. In addition, they also provide private and outside catering for different company's occasions, such as year-end parties and National Day celebrations. On the other hand, hotels handle both business and leisure travelers as well as groups of tourists and crews. Depending on the type and size of the property, each hotel has different proportions for each of the customer segments. Either way, the Sales and Marketing divisions share equal importance within a hotel business since they both actively participate in the customer experience journey.

## 1.2 Aims

The core of the thesis revolves around Smarketing in the accommodation business. Therefore, the aims of the thesis are first to understand the current state of the Sales and Marketing department in hotels and the level of collaboration between the two divisions, while secondly, to evaluate how digitalization has affected the roles and approaches of each function. Moreover, the thesis seeks to explore the chosen hotels' previous experiences in aligning Sales and Marketing and thus discover the possibilities of Smarketing in their future operational implementation. Finally, the author will give suggestions on how to apply Smarketing in hotels in the most efficient way possible.

The main research question of the thesis is: **“How can hotels organize sales and marketing more efficiently in the era of digitalization?”**. Then, the thesis will answer the sub-questions in order to provide a well-rounded response to the core inquiry, as follow:

- What is the current state of the Sales and Marketing department in general?
- What is the modern Sales and Marketing funnel?
- What are the challenges that hinder the alignment of Sales and Marketing?
- How are the researched hotels currently organizing their Sales and Marketing department?
- What kind of experiences have the researched hotels had on implementing Smarketing?
- How can Smarketing be applied in hotels?

### **1.3 Beneficiaries**

Hoteliers and those soon-to-be will benefit from the results of the thesis, as they will have a source of reference on how to operate their Sales and Marketing department differently. Big hotels might also find Smarketing suitable for their operation, and they can apply it to their daily routines afterward. In addition, current members of the department, as well as undergraduates and post-graduates of the Hospitality Industry, will gain not only insightful knowledge into the Sales and Marketing department of a hotel but also a thorough understanding of how one division supports and correlates with the other. Consequently, the results of this thesis can help interested personnel in the concerned field discover their adjusted approaches to improving their Sales and Marketing department based on the Smarketing methodology. Finally, the author will be able to evaluate whether Smarketing is a suitable approach to apply in the digitalized world in general as well as in the age of Millennials in specific, and whether the author should utilize it once she starts working full-time in the Sales and Marketing department.

### **1.4 Theoretical framework**

Notwithstanding the indicated importance of Sales and Marketing alignment, or Smarketing in short, the current state of the collaboration is often hindered and not optimally applied in many big hotels. The author has summarized the main factors that can influence the integration of the two divisions, including Communication; Organizational structure and orientation; Interdepartmental knowledge; and Resources.

The author thereby creates a theoretical framework that showcases the factors that affect the state of Smarketing as follows:

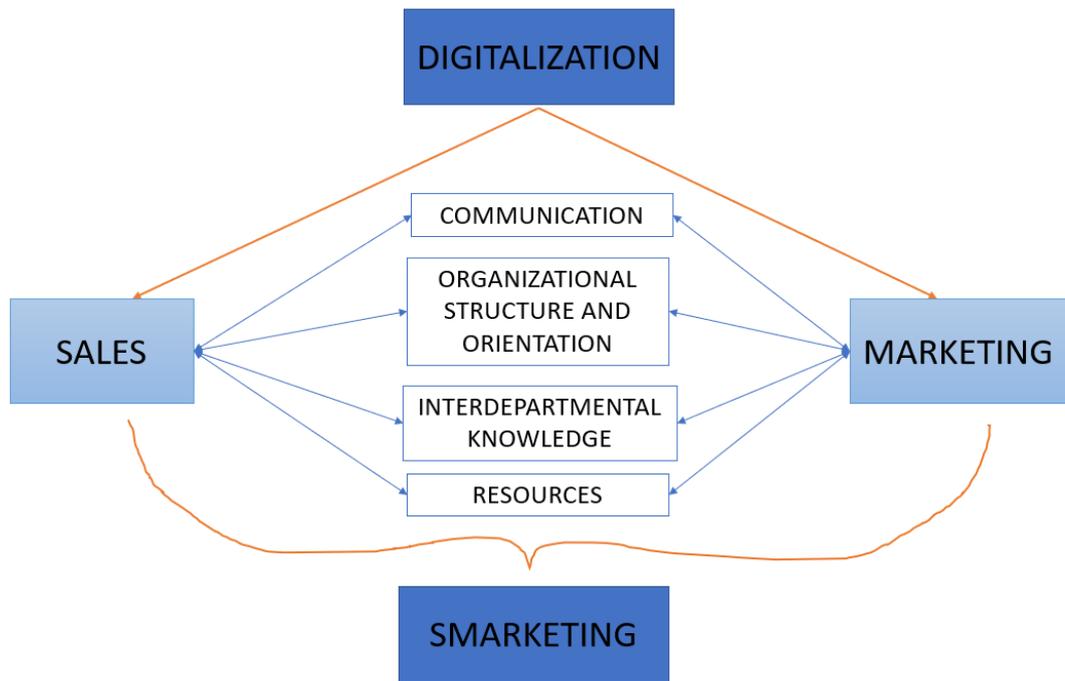


Figure 1. Theoretical framework

The author then proposes a hypothesis based on her theoretical framework that in the era of digitalization, the more effective the communication, the more united the organizational structure and orientation, the more enhanced interdepartmental knowledge among the Sales and Marketing staff regarding the two divisions, and the more sufficient resources (for instance, human resources, budget, and time) are, the better-aligned Sales and Marketing can be, resulting in a Smarketing condition that creates positive possibilities for the accommodation business.

### 1.5 Delimitations

The scope of the thesis is limited to big hotels as only their Sales and Marketing department is vastly compartmentalized. In smaller establishments, the functions of the Sales and Marketing department are not distinct and often simultaneously handled by the same personnel. Moreover, the insights of the operation included, as well as the results of the research, will not be entirely applicable nor accurate to all big hotels in the world, as the author can only approach the hotels that she has internal contacts or has had an internship with. Therefore, the number of hotels and the coverage of regions are constrained. The conclusion and

suggestions made at the end of the thesis are merely for reference, not to provide the optimal solution to the current problems that the Sales and Marketing department is facing.

## **1.6 Research method**

A Qualitative research method is chosen to support the thesis progress, conducting semi-structured interviews with current Sales and Marketing members of the chosen hotels. The primary purpose of the thesis is to discover the possibilities of Smarketing in the accommodation business. More specifically, through the interviews, the author aims to fully grasp the current situation of the Sales and Marketing department in the chosen hotels while gaining insightful points of view of the personnel regarding the collaboration. Moreover, the interviews will explore the challenges that might hinder the implementation of Smarketing and whether this methodology is positively received and encouraged by the staff. Therefore, in order to gain adequate perspectives and feedback of Smarketing from the insiders of the business, a qualitative approach is appropriate. In addition, a semi-structured interview provides both the required structure of closed-ended surveys for individuals and the free flow in conversations often seen in sessions done with focus groups (Adams, Newcomer, Hatry & Wholey 2018, p. 492). This allows the interviewer to have a rough agenda to follow while at the same time have more elasticity and flexibility to penetrate deeper into the topic using follow-up questions, such as "why" and "how", enabling a clear and in-depth understanding and analysis of the topic (Adams et al. 2018, p. 494). Furthermore, semi-structured interviews let the interviewer have a one-on-one discussion with the interviewees, thus allowing more personal and candid conversations.

## **1.7 Structure of the thesis**

The thesis consists of six chapters. Chapter 1 introduces the thesis topic as well as discusses the overview of the accommodation business. More importantly, in this chapter, the author provides a theoretical framework that becomes the backbone of the thesis. In addition, chapter 1 gives the justification of the topic, lists the main objectives while delimits the scope of the subject to make the research clearer and feasible, and proposes the research method used. Moreover, a list of

key concepts definitions is also introduced in the first chapter. Chapter 2 takes a more theoretical perspective on different areas relevant to the topic, such as Millennials, changes in the customers' behaviors, and the evolution of Sales and Marketing. Chapter 3 gives a clearer picture of the Sales and Marketing department in the accommodation business and elaborates on its current situation. The process of the interviews is included in chapter 4, while their data will be presented in chapter 5, after which the results will be analyzed and evaluated in chapter 6. This final chapter also summarizes the key points deduced from the research while providing the author's conclusions and suggestions. The rest of the thesis compiles all the sources of reference the author has used for her thesis.

### **1.8 Key concepts definitions**

*Leads:* Depending on the context and the companies, the definition of leads may vary. In general, leads can potentially become future clients of the establishment (At Internet n.d.). In a Marketing context, leads include any single contact from the audience who partly engages with the services or products that the company is promoting. On the other hand, according to Investopedia, a sales lead, or also known as a prospect, is an individual or corporate who will eventually become a future customer (Kenton 2019). Hence, there is a gap in the level of interest and involvement between a marketing lead and a sales lead. Consequently, in order for the marketing leads to be passed over for the salespeople to take on, a qualification process is needed.

*Lead qualification* is a continuous process between the Sales and Marketing teams, determining the likelihood of a contact or potential customer in making the purchase (LeadBoxer 2018a). The result of this procedure decides whether the contact will be leveled down the pipeline or not.

*Traditional marketing funnel:* Previously, marketers have illustrated the path that marketing used to work towards finding and winning customers as a linear funnel, where they would go through one stage at a time until reaching the purchase decision. However, linearity in the traditional marketing funnel is somewhat limiting, because it assumes that every customer starts at the very same point and will follow the funnel accordingly until the ending point (Sauro n.d.).

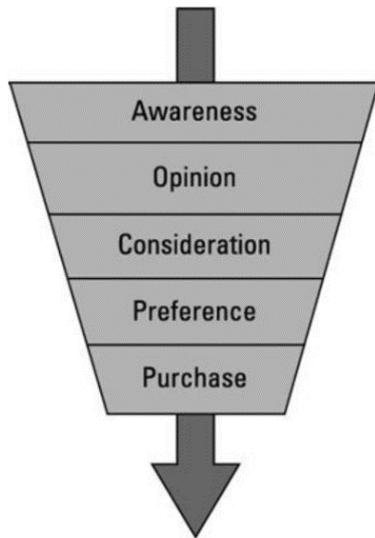


Figure 2. Traditional marketing funnel (Sauro n.d.).

Nonetheless, the reality is not the same. With the help of digitalization, customers nowadays go through several channels, educate themselves well beforehand with ample of transparent details on the internet, make comparisons based on reviews and ratings, then decide on making the purchase. Each of these steps can be repeated and occur not in any particular order. In other words, the customers' behaviors cannot be depicted as a straight line. Therefore, the traditional marketing funnel is no longer favored.



Figure 3. Tornado shape of new customers' journey (LeadBoxer 2018b).

*Traditional sales funnel:* As Michael J. Webb and Tom Gorman (2006) mentioned in the Introduction part of their book "Sales and Marketing – The Six Sigma Way," Sales is often considered as a number games. Thus, salespeople used to throw

in a big pool of prospects or sales leads through yet another linear funnel, with the hope of reaching the “purchase” final stage.



Figure 4. Traditional Sales Funnel (Everett 2018).

*Sales process:* In order for leads to go through the funnel until the final stage, salespeople need a framework, which is known as a sales process. A sales process is a repetitive cycle of steps that a salesperson takes to transform a potential lead into a closed deal (Plaksij 2019). They start from Prospecting or finding a new pool of potential customers at an early stage, to Preparation and Approaching, which means connecting with the prospects to gain more information while at the same time researching details of the customers’ companies and backgrounds, then Presenting to showcase the companies’ products and services, and lastly Handling objections, Closing, and Following-Up, arriving at the end of the sales funnel. (Plaksij 2019.)



Figure 5. Sales Process (Plaksij 2019).

Nevertheless, as mentioned earlier that the customers' behaviors in the digitalized era have changed, the sales process no longer follows the same chronological order. In fact, with any contact or engagement that the lead has with the company, be it through marketing or a personal meeting, a sales process will occur.



Figure 6. The new sales process (Everett 2018).

*Smarketing* is the procedure of enhancing the collaboration between Sales and Marketing towards mutual goals within a business or a firm, concentrated on increasing revenues (LoDolce, n.d.). It is also regarded as the impact on market performance, in which the end purpose is to achieve required targets (Peterson, Gordon & Palghat 2015, p. 30). According to the Online Marketing Blog, this alignment of the two divisions has led to positive results for the researched company case, witnessing a 120% boost in web engagement, 118% elevation in the email engagement rate, with a rise of 108% in tradeshows participation, 62% increase in social media involvement, and 22% lift in win rates (Shahid 2019, p. 3). Moreover, Smarketing is believed to increase annual revenue growth by 20% (Slone 2017), leading to more commitment, satisfaction, and equity with customers (Peterson et al. 2015, p. 34) as well as business performance improvement (Piercy & Le Meunier-FitzHugh 2010, p. 288).

## **2 Sales and Marketing in the digitalization era**

This chapter briefs about the changes in the Sales and Marketing department regarding its approaches to customers as well as the importance of each division. In order for readers to better comprehend the reasons behind the transformation of the Sales and Marketing department, a review in customers' behaviors, especially those of Millennials, is included. This part explains how digitalization has affected the way customers react towards companies and their products as well as how they make decisions during the explosion of the internet, thus validating the needed changes in the approaches of the Sales and Marketing department.

### **2.1 Changes in customers' behaviors**

The ever-booming of the internet and the advancement of technology have brought forth a new era where different ways of life have emerged. Since the hype phase of the internet in the mid-2000s with the participation of social media giants, such as Facebook and Google (Case 2011), information has never been more transparent, and the online community has never had such a powerful voice to influence companies. Information is just one-click-away from customers, and everyone is interconnected. Moreover, Facebook is recently regarded as a virtual nation with more than one billion users, on which an American user spends at

least one hour per week (Moore, Raymond, & Hopkins 2015, p. 2). Not only are Millennials heavily using the internet and compatible mobile devices, but other previous generations are also welcoming the era of digitalization. Almost everybody owns a cell-phone, laptop, or tablet, even those belonging to the generations of baby boomers and before.

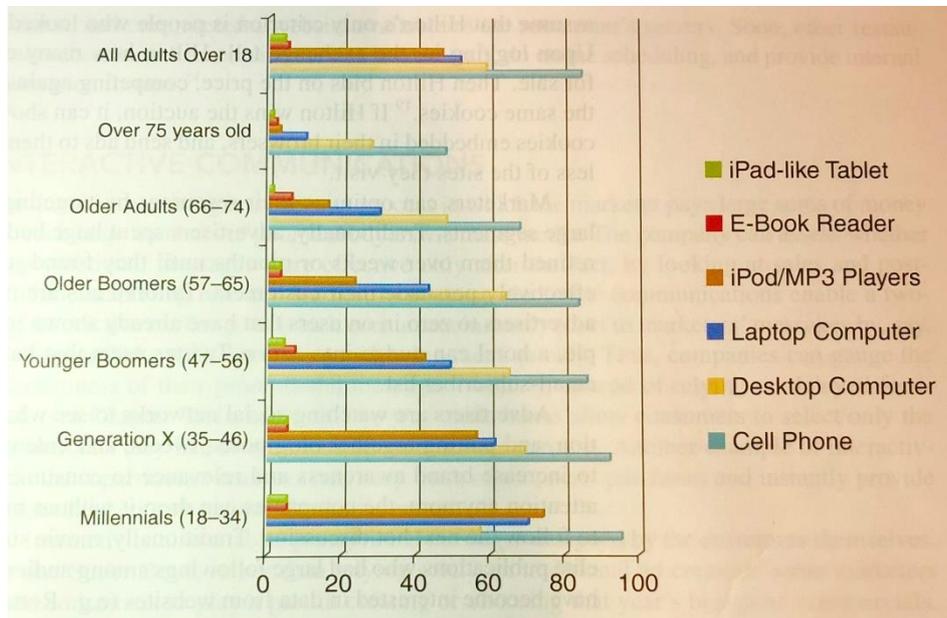


Figure 7. The Ownership of technological gadgets across age groups (Schiffman & Wisenblit 2019, p. 39).

It is estimated worldwide that in 2016, the total number of internet users was 257.8 million, whereas desktop audience covered for 232.3 million of the total. Moreover, ad turnover for social media is predicted to peak at more than \$50 billion in 2018. (Schiffman & Wisenblit 2019, p. 218.) The result of this phenomenon indicates that age is not the limit to registering oneself as an audience of the internet. Therefore, almost all of the globe's population is online and sharing the very same patterns of doings in the virtual world. For instance, they search for details online, refer to peers' reviews, and write reviews more often to share with the rest of the community. In the past, customers used to show preferences towards a product from their direct experiences or recommendations from salespeople. However, in today's society, attitudes of customers are formed based on also other sources of information, such as word-of-mouth, exposure to mass and social media, as well as family and friends. (Schiffman & Wisenblit 2019, p. 174.)

These courses of actions are no longer traits labeled merely for Millennials, but for other generations who are living in this era as well. Consequently, this has forced companies to shift their selling points and marketing strategies from solely offline to a combination with online.

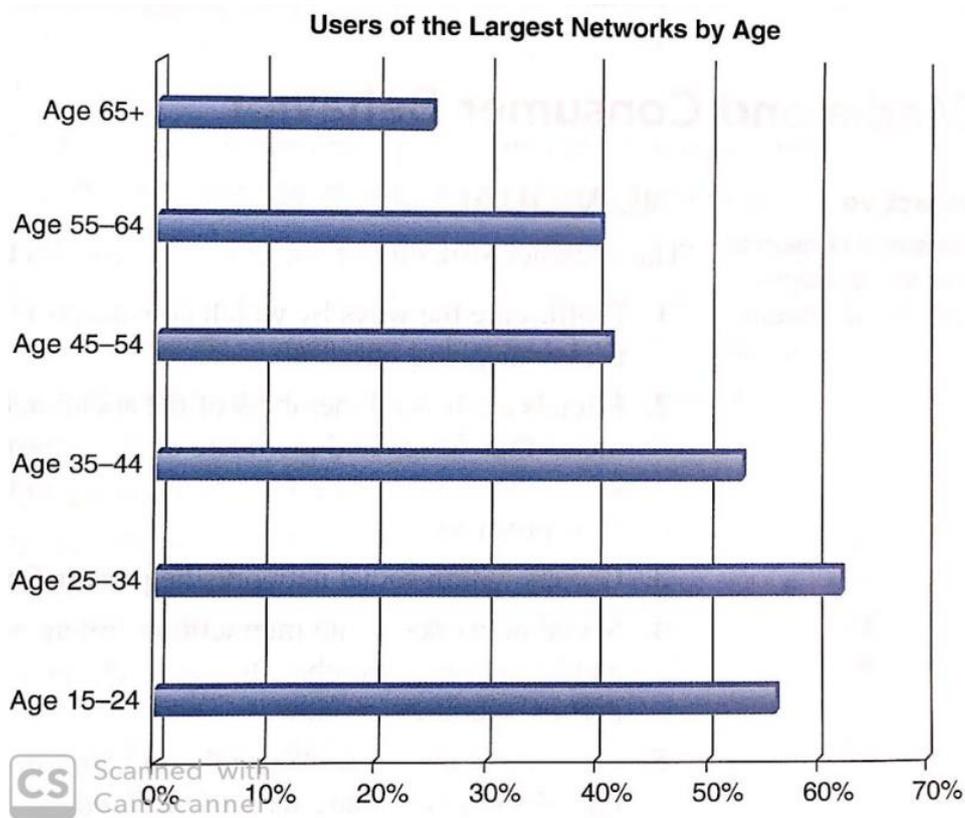


Figure 8. Reach of Social Media by age (Schiffman & Wisenblit 2019, p. 219).

## 2.2 Millennials on the rise

Millennials are people born in the 1980s and 1990s and currently the dominating majority in society (Burstein 2013, p. XV). According to Fromm and Garton, Millennials make up 25% of the U.S population, with more than 80 million in their ranks. Their collective buying power has been producing approximately \$200 billion annually while their indirect annual spending power has peaked at \$500 billion (Fromm & Garton 2013, p. 2). Furthermore, Millennials are digital natives and are heavily influenced by peers (Fromm & Garton 2013, p. 27). They bring changes to our society, force businesses to adopt technology and to integrate social media in their marketing approaches. Millennials turn to online platforms for the initial phase of researching, such as search engines, vendor websites, and

social media, with the leaders being Facebook and Youtube (Vasquez & Wadlinger 2016, p. 3). Subsequently, peers' reviews are ranked right after online platforms as a tool to make a purchase decision (Vasquez & Wadlinger 2016, p. 9).

The boom and accessibility of social media platforms, together with the excessive use of mobile devices, have given birth to a generation of critics and experts, being able to voice their opinions irrespective of time and location. (Fromm & Garton, 2013, p. 110). In addition, a prediction of 6.4 billion connected devices by the end of 2016 indicates a tremendous opportunity for Millennials to influence purchase decisions, influence each other, and be influenced (Erbel 2016).

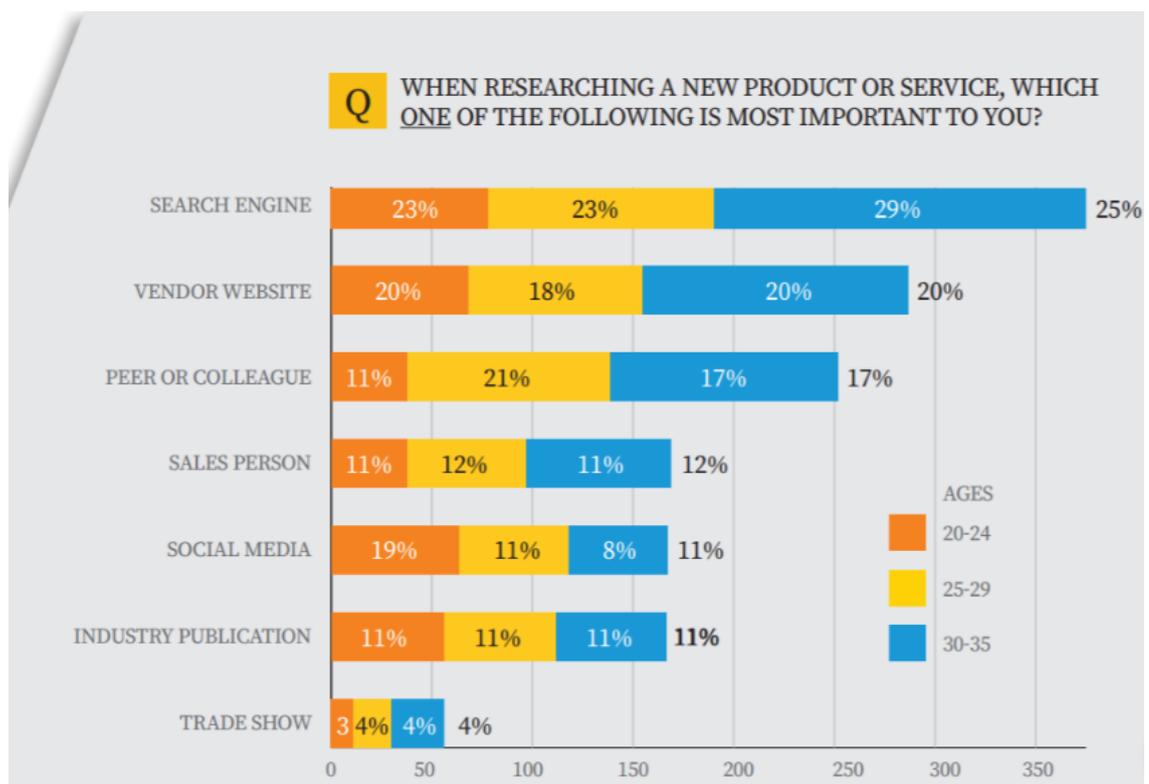


Figure 9. Tools for information search by Millennials (Vasquez & Wadlinger 2016, p. 9).

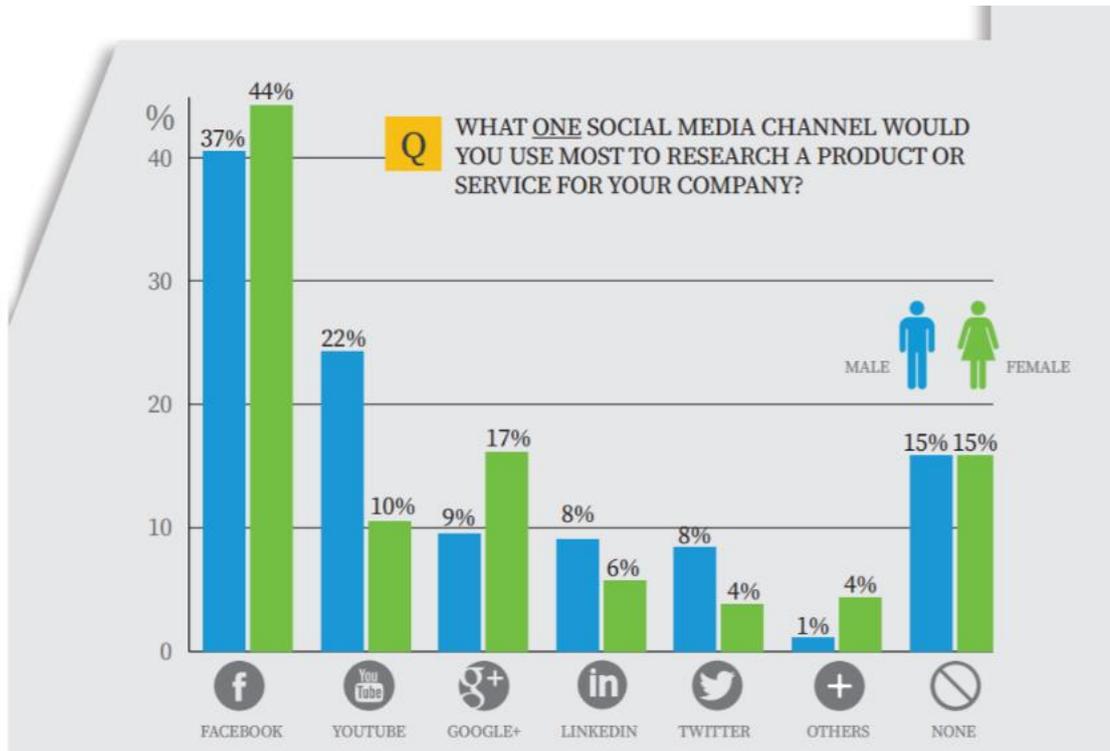


Figure 10. Online platforms for information search by Millennials (Vasquez & Wadlinger 2016, p. 3).

As a result, traditional personal selling is outdated. The power of influence no longer lies in the hand of salespeople. Buyers' behaviors have changed: they now can research information about specific products without waiting to receive spoon-fed details provided by the sales team (Rynne 2017). In fact, in order to increase sales, a digital approach is required, and the most effective tool to achieve that goal is through marketing. The buyers will eventually find a way to the sales representative with the help of the marketing team in facilitating the route (Bulat 2018). On the other hand, according to a report made by Oracle Hospitality, although Millennials now possess the power of mobile devices, they still crave personal attention. This finding results in a unique opportunity for the Hospitality industry to put technology along with "human touch" (Oracle Hospitality 2016, p. 3). This consequence indicates a high time for the crucial collaboration between the Sales and Marketing divisions.

### 2.3 Sales and Marketing funnel

Referring to figure 4 and 5, there are evident similarities between traditional sales and marketing funnels. Hence, in the late 1800s, a classic sales and marketing funnel was created (Sauro n.d.), with marketing playing only the support role in the beginning phase of the funnel.



Figure 11. Traditional Sales and Marketing funnel (Leadsrx n.d.).

However, nowadays, more than half of the customers reach the decisions prior to the engagement of a salesperson (Patrizi 2012). In fact, they mostly interact with the marketing team's materials. Therefore, a new Sales and Marketing funnel has been created, re-delegating the tasks of the two divisions into more marketing-oriented. With the extensive coverage and colossal support from social media and the internet, marketers have been given more capabilities to play a more prominent role in the sales process, providing to the personnel detailed customer profiles data, distributing easily accessible and informative contents on behalf of the whole department, and listening to the market trends to get real-time solutions and strategies. (Patrizi 2012.)

## The New Marketing & Sales Funnel

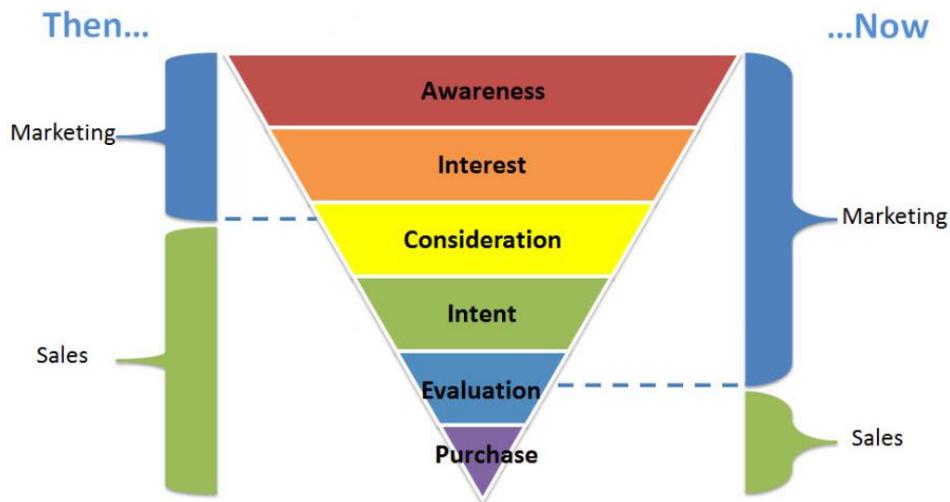


Figure 12. The new Marketing & Sales Funnel (Patrizi 2012).

An even more interesting spin-off from the modern Sales and Marketing funnel for the Hospitality Industry is the ideology of placing customers at the center, resulting in the birth of the Flywheel. This new sales and marketing model is suitably designed for the accommodation business, as it combines the critical trio of the field into one entity that revolves around its most important target – the customers. The Flywheel suggests a repeated flow of business, rather than a one-time linear purchase from each customer (Woodward 2018), which is the ideal path that every establishment should follow in the years to come.

**Now = Flywheel**  
Customers at the center

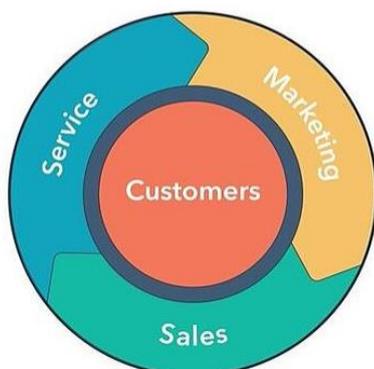


Figure 13. The Flywheel (Woodward 2018).

## 2.4 Changes in Sales and Marketing

As humanity has gone through several eras throughout its existence, a similar evolution has also applied to the nature and characteristics of Sales and Marketing. From merely just selling and advertising, marketing's role has since grown and expanded in the 1950s, reversing it into a set of principles as it is today (Shuptrine & Osmaski 1975, p. 62). Disregard the prior status, marketing is now the voice of the company, connecting and collaborating with customers to exchange values according to the 7Ps (price, place, product, promotion, process, physical evidence, and people).

<b>Role Facet</b>	<b>Pre-1960</b>	<b>1960–1970</b>	<b>Post-1970</b>
<b>Focus:</b>	<b>Producers</b>	<b>Consumers</b>	<b>Resources</b>
<b>Emphasis:</b>	<b>Selling</b>	<b>Marketing</b>	<b>Demarketing</b>
<b>Objective:</b>	<b>Consumption</b>	<b>Customer satisfaction</b>	<b>Conservation</b>
<b>Method:</b>	<b>Advertising</b>	<b>Product development</b>	<b>Demand management</b>

Figure 14. Summary and Comparison of stages in the evolution of the role of marketing (Shuptrine & Osmaski 1975, p. 62).

As for Sales, before the 1980s, the only tools that sales had were telephones and pagers, with an addition of hand-written "snail mail" (Marshall, Moncrief, Rudd & Lee 2013, p. 6). In the 1990s, the emergence of computers eased the sales process, increasing the productivity and flexibility of the salespeople. In the mid-2000s, emails became the norm and the concept of "office hours" was thereafter created, since salespeople then had a more convenient and faster communication channel to utilize (Marshall et al. 2013, pp. 8-10). Thirty-six years ago, sales activities were still primarily conducted as a form of personal selling, where face-to-face meetings were required (Saxena & Saxena 2013, p. 146). In total contrast, in today's world, the sales process has been transformed into a more complex and interrelated entity, closely combined with the marketing function. The arrival of social customer relationship management and mobile technologies have enabled business' options to be constantly widening when it comes to engaging with the customers. On the same note, salespeople in the modern days are also

expected to be available 24/7, being able to respond and react on the spot regardless of location (Marshall et al. 2013, p. 5).

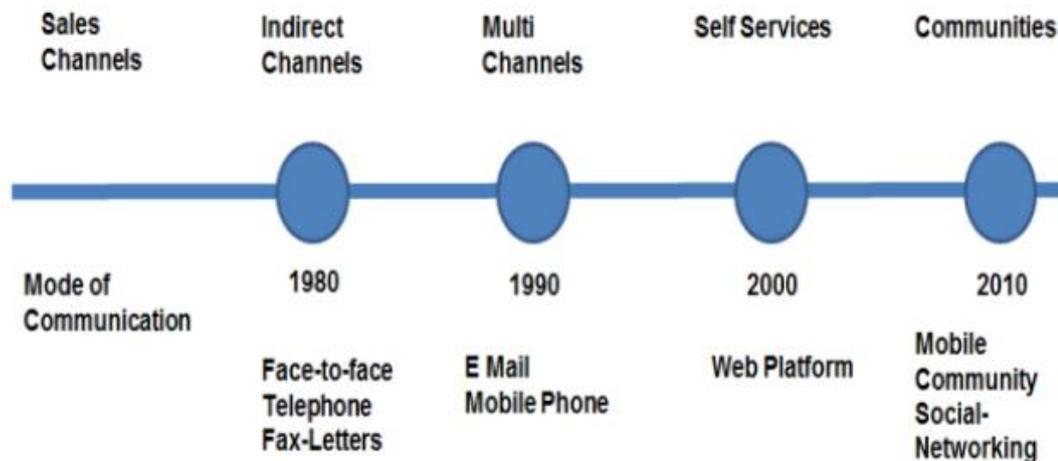


Figure 15. The transformation of sales (Saxena & Saxena 2013, p. 146).

With the appearance and driving force of digitalization, customers, irrespective of ages and nationalities, are now enabled to be part of the process of product development and marketing (Fromm & Garton 2013, p. 9). This has endowed them with superior authority, making them even more difficult to attract and retain. Concurrently, technologies have created a very demanding market, yet at the same time a value exchange environment, providing marketers with numerous new opportunities to give customers better means to shop more efficiently and get personalized product suggestions, while simultaneously building long-lasting rapports with customers. (Schiffman & Wisenblit 2019, pp. 36-37). To coherently deliver values to customers, on the level of an organization, sales and marketing should be going hand in hand to better understand customers' desires and thus be able to implement customer-centric strategies (Saxena & Saxena 2013, p. 146; Johnson et al. 2019, p. 1). In other words, in order to become a market-oriented company, sales and marketing should integrate and be in constant contact despite having different tasks to conduct (Peterson et al. 2015, p.32). According to Guenzi and Troilo (2006) in Peterson et al. (2015, p. 32), an effective integration of sales and marketing is reported to positively contribute to the generation and distribution of market's insights, allowing the company to benefit from

the knowledge earned by both divisions, thus delivering the resonating values to customers in a timely manner.

In order for the modern Sales and Marketing department to achieve its goals, a plethora of premium software and applications are available to aid the process and help create a seamless customer experience. Sales and Marketing nowadays are automated and can retrieve customer data from Customer Relationship Management (CRM) systems, such as Salesforce and Hubspot. Salesforce is a platform packed with dynamic features and built-in tools, allowing businesses to create any operation and customer reports they require (Rampton 2014). It is a very flexible CRM application that starts with a low-price monthly subscription. While Salesforce leans towards sales automation, Hubspot is the perfect companion for online marketers, because it is an inbound marketing platform with a supporting feature of sales and CRM, enabling lead generation and marketing automation (Admin 2019). Also, there are other third-parties that digital marketers often affiliate with to ease the workload of the Marketing division. For instance, in order to lessen the amount of time and effort in manually scheduling each post on each social media channel, digital marketers now have Buffer that allows them to create posts across several social media channels simultaneously in one dashboard and schedule all well in advance. With the constant advancement of technologies, the possibilities for Sales and Marketing's evolution and transformation are endless.

### **3 Sales and Marketing in accommodation business**

In this chapter, the thesis aims to provide readers with an overview of the Sales and Marketing department in hotels, to paint a clearer picture of the functions of each division within the department, the daily tasks of the personnel, how they intercorrelate with one another, and what the current situation is.

The accommodation business in general and hotels in specific is a dynamic and unique industry where the core segments are both B2C and B2B customers. Hence, this has allowed the roles and existence of both the Sales and Marketing divisions to be equally important, thus creating the perfect condition for the alignment of them, which is discussed in this chapter as well.

### **3.1 Overview of the Sales and Marketing department in hotels**

The organization of hotels, especially that of larger establishments, is distinct and different from other companies of other fields. Since hotels serve both the B2B and B2C segments through the provision of services, they have divided their functional areas into front and back offices. The front office consists of departments that provide services directly to the guests, including the Food and Beverage department and the Room department. The back office is comprised of departments that support the business operation of a hotel, such as Finance, Engineering, Human Resources, and, most importantly, Sales and Marketing. In such an intense competition pool within the lodging field, the functions of sales and marketing are crucial to the success of a hotel (Barrows et al. 2012, p. 335). As Sales brings in business and generates revenue through the leads that Marketing converts and maintains, they together become the backbone behind the body operation that helps hotels succeed. In other words, the more cohesively and closely the two divisions cooperate, the higher the probability of a business achieving its targets and maximizing revenues.

A salesperson's daily routine includes these fundamental steps: Prospecting, which means finding new sources of business, Distributing information, Information acquisition – gaining feedback from the market, Customer service – building relationships with customers and penetrating the client's list, Selling, and lastly Administration – preparing paperwork and necessary administrative tasks to complete the sales process (Buttle 1986, p. 357). The main goals are to turn potential sales leads into real and loyal customers, generate revenues for the property, and nurture existing customer relationships.

By definition, marketing is a program designed for inventing, communicating, and distributing offers that add values to customers and society (Schiffman & Wisenblit 2019, p. 32). Furthermore, according to the notable American marketing guru Philip Kotler, marketing is a social process where people and corporates attain what they need and desire through the creation and exchanging of products and values with each other (Buttle 1986, p. 23). In other words, marketing is the voice of a company when it comes to communicating with customers. Therefore, a marketer's tasks often include building and enhancing brands for the employer,

maintaining several communication platforms, such as social media and website, and preparing necessary collaterals that support other departments and aid in the sales process. The main goals of the division are to attract and inform customers, enhance the image of the brand, and ensure smooth operation and interdepartmental communication across the establishment.

In addition, Sales and Marketing share many common goals and overlapping tasks. More specifically, selling can be defined as paid communication by an identified sponsor through a personal medium (Buttle 1986, p. 356). The personal medium refers to either personal selling or direct marketing, indicating cold calling and email, which is part of the marketing mix and responsibilities of the marketing division. What salespeople have been performing during their sales calls is, in fact, an act of marketing. On the other hand, marketing's main function is to create customers and convince them into repeat visitors on a regular and frequent basis through the promotion of the property and emphasis on its convenience, pleasant environment, and uniqueness (Barrows et al. 2012, p. 336). Marketing has an essential role in both the profit and the welfare sectors of the hospitality industry, by improving room-occupancy levels through devising appealing products and maximizing customer satisfaction through effective communication strategies (Buttle 1986, p. 23). Moreover, marketing helps alleviate the workload of the sales team by collecting more sales leads using its coverage capacity and selecting only the qualified prospects before transferring to sales, thus reducing the extra steps. Hence, marketing indeed walks in the same direction as sales.

### **3.2 Current situation**

*Organizational structure and orientation:* Nonetheless, departments are compartmentalized in bigger establishments due to the enormous volume of workload required to be attended to. Although Sales and Marketing often go hand in hand as the name of a department and report to the same senior executive, namely Director of Sales and Marketing, they are managed separately. The personnel of each division have separate offices and work independently, while their direct supervisor is, in fact, either the Director of Sales or Director of Marketing.

*Communication:* Rarely do Sales and Marketing have a joint meeting that discusses mutual goals, strategies, or common development plans, turning them into silos thereafter. As Dewsnap and Jobber pointed out in 2000 that the relationship between sales and marketing was neither collaborative nor harmonious, although it is supposed to be interdependent (Homburg & Jensen 2007, p. 1). The consequences are alarming. This causes poor communication, incomplete handoff, competition for resources, and confused or lost customers, which leads to low turnover (Webb & Gorman 2006, p. 5). More importantly, this disconnection between the two divisions leads to extra incurred costs. Personal selling is a costly medium for getting an operation's message across (Powers 1990, p. 266). The average cost of a single sales call has been estimated at \$225 - \$250 (Salesforce Training 2013), which could have been reduced by leveraging the resources of the marketing division. Secondly, the disconnection has also spawned inadequate lead generation. As Kotler, Rackham, and Krishnaswamy (2006) mentioned in their findings, one of the most notorious issues between the two divisions is the neglect of Sales on the marketing-generated leads (Sabnis, Chatterjee, Grewal & Lilien 2013, p. 3). Since Sales and Marketing team members do not share the insights of one another's work with each other frequently enough, hardly do the staff from one division understand what and how the staff from the other division plan and work (Peterson et al. 2015, p. 31). This issue leads to an unclear definition of "leads" and undefined characteristics of high-quality and low-quality leads (Webb & Gorman 2006, p. 5). Worse, there is no officially established common language nor mutually shared terminologies between the two divisions (Peterson et al. 2015, p. 31). Therefore, despite the effort of the Marketing division in generating a vast pool of leads through its promotion, online campaigns, and active customer relationship management, the team members do not know how to qualify and what the next steps in handling the leads generated from those activities are to push those through the funnel, resulting in disqualified leads that never reach the hands of sales managers. Consequently, the Sales team has to spend extra time and resources on re-exploring the market and find potential customers, some of whom might have already engaged in the previous marketing activities. As a result, the Sales function often states that the leads transferred by the Marketing team are low in quality, while

the marketing team is frustrated at the unused pool of leads generated. (Peterson et al. 2015, p. 31.)

*Resources:* The lack of real sales support is also a problem in the Sales and Marketing department (Webb & Gorman 2006, p. 6). Most salespeople work independently and cover nearly all of the steps in the sales and marketing funnel, from writing emails and preparing presentations to courtesy visit and closing the deal. However, the biggest reason behind this haphazard situation is because these problems are so widespread and thus have been regarded as “the way things are” that no effort has been spent on solving them (Webb & Gorman 2006, p. 6).

*Interdepartmental knowledge:* Last but not least, stereotypically, on one hand, the sales function often focuses on the short-term mission while the marketing team works towards longer-term visions, thus resulting in little to no reason for cooperation (Peterson et al. 2015, p. 29). Firms are thereby struggling to maintain sales and marketing functional distinctiveness while at the same time, combine their mutual efforts towards the organizational goals (Johnson, Matthes & Friend 2019, p. 1). On the other hand, Sales often regards marketing as lacking credibility, while Marketing’s role is seemingly neglected, and they tend to find sales to be too customer-focused rather than emphasizing more significant responsibilities (Peterson et al. 2015, p.30). These factors have been causing the isolation between the two divisions to be even more apparent.

Due to the transparency that the Internet has brought to society as well as the fast-paced development towards globalization, many companies have managed to produce the same types and quality of products and services, causing supply to outstrip demand, thus allowing customers to have more power and influence. (Webb & Gorman 2006, pp. 2-3). This calls for a more customer-centric sales and marketing strategy.

## **4 Empiricism**

For the empirical part of the thesis, the author decides to use Qualitative Research as the primary method to further elaborate and examine the points made

in the theoretical framework. The thesis topic Smarketing primarily involves the human organizations, which are Sales and Marketing, whose personnel's behaviors and opinions are the backbone results to validate the hypothesis of the report. These behavioral patterns are difficult to predict and isolate, thus having a research method that looks beyond the numerical factor makes more sense (Greener 2008, p. 80). Moreover, unlike Quantitative research, which can only describe the association among objects through numbers, Qualitative research manages to translate the "macro" patterns into "micro" behaviors, providing the researcher with a complete overview of the research problems (Barbour 2008, p. 11). In addition, Qualitative research is an iterative process in which every stage of it can change and evolve as the project proceeds, thus enabling even new hypotheses and explanations to arise. (Barbour 2008, p. 31).

The tool used for conducting Qualitative research in this thesis is semi-structured interviews. According to Barbour, the most popular form of research conduct for this type of research method is the one-to-one interview, where the use of open questions is dominant. These free-form inquiries allow interviewees to freely discuss topics of their higher priorities rather than the pre-designed structure based on the interviewer's interests. (Barbour 2008, p. 17.) In addition, semi-structured interviews pave the way for a fluid flow of conversations, enabling both the interviewer and interviewee to unveil unanticipated aspects and answers related to the research topic, rather than having the interviewer controlling the direction of the encounter (Barbour 2008, p. 119). More specifically, the researcher should own the questions and monitor the interview as a regular dialogue (Barbour 2008, p. 120).

#### **4.1 Research design**

In order to better-design a research frame to explore the thesis topic, the author needs to take into consideration six different aspects related to the research so as to formulate a thorough interview questions list. Firstly, the author answers the question "Why": Why should the topic about Smarketing and its possibilities in the accommodation business be studied? As previously discussed in the former parts, Sales and Marketing alignment has been an issue in many big hotels as they are isolated, the result of which leads to slower business growth and a

decrease in revenue generation. Therefore, this has made any suggested methodology in enhancing the alignment of these two divisions of the highest priority. In the call for a recommended collaboration approach, Smarketing was invented and recently discussed on the internet. Hence, the thesis topic is strongly believed to be beneficial and informative for both the interviewer and the interviewees, so it is logical to spend effort in understanding the topic in more detail. Secondly, the author wants to know “What” the current state of the Sales and Marketing department’s alignment is in the chosen hotels, whether they are aware of the possibilities of Smarketing, and what possible challenges they have been facing in their daily work life as well as during the attempt to integrate the two divisions. Thirdly, in order to understand why the current state Smarketing has been as it is today in those hotels, the research should explore “How” the teams are currently working together and how the company structure might have affected the formation and orientation of the Sales and Marketing department. These questions will be best answered by those who are working in the Sales and Marketing department of big hotels, such as Sales Managers, Marketing Managers, and those of the directory management level (“Who”). The context of the thesis topic is based on the era of digitalization (“When”), since technologies have triggered the changes in both customers’ behaviors and the approaches of the Sales and Marketing department. Lastly, the research will be conducted either online or offline (“Where”), as the author would like to get a more accurate and objective view of the research questions instead of limiting the response to one particular company or region.

The list of questions is divided into four different themes. The first theme focuses on discovering and understanding the current state of Sales and Marketing in the chosen hotels, through questions inquiring about the interviewees’ roles and responsibilities, the organizational chart of the company, as well as the current level of collaboration between the two divisions. The second theme then discusses the effects of digitalization, especially about the authority of the emerging heavy spenders – Millennials – on the performance of the business. Furthermore, the third theme aims to unveil the challenges that the personnel of the department is facing, thus determining the possibilities of Smarketing in the fourth theme.

The research design will concentrate on the Sales and Marketing departments and the overall experiences of their personnel of the chosen hotels without revealing any confidential information about figures, names, business accounts, strategies, and any other non-disclosable matters. This is consented by both parties with a view to ensuring the ethical aspect of the research process.

## **4.2 Research process**

After designing the interview questions, the author sent out the list, together with a cover letter explaining the thesis topic and the purposes of the interview, to 10 different potential interviewees from 6 different hotels located in Qatar, Bahrain, and Finland. Unfortunately, only 9 out of 10 managed to participate in the interviews, narrowing down the list of hotels into 5. All answers are anonymous and coded in the following parts.

## **4.3 Population and sampling**

From the population of every staff working in the accommodation business, the author chose her sample according to these following criteria, to ensure the precision and richness in the data collected:

- All interviewees are working in the Sales and Marketing department of a hotel.
- The sampling hotels have more than 50 employees and are usually regarded as big hotels.
- The interviewees should have at least two years of working experience in their field.

These prerequisites ensure that the sample coordinates with the delimitations of the thesis topic. A hotel with more than 50 employees is often big enough to separate its Sales and Marketing divisions. Moreover, the interviewees should have some background experiences in their profession in order to have a profound overview of the department, thus being able to provide thorough and valid answers. The sampling technique used was purposive sampling. By her judgement, the author selected the sample, which was rather small in scale, because it is mainly related to her research questions (Greener 2008, p. 49). The purpose of

this qualitative sampling technique is not to be representative of a population, but to reflect the diversity within it and to provide as many grounds for comparison as possible (Barbour 2008, pp. 36 & 53). The results of the purposive sampling will not yield any statistical inferences about the population (Greener 2008, p. 49).

#### 4.4 Data collection

The interviews were conducted both online and offline. Four out of nine interviews were done via WhatsApp since the interviewees are currently located in the Middle Eastern region. The other five interviewees are currently working in Helsinki, so it was convenient for both parties to meet in person and conduct the interviews. These interviews were scheduled during September 2019, and all were audio-recorded to be transcribed later by the author. The method of transcription was a verbatim transcript, in which the author put the records into texts word-by-word. This allows the author to refer to the contents thereafter in order to proceed with the analysis (Barbour 2008, p. 192). However, in this case, the author adapted the method into a semi-verbatim transcript so that it saves time and allows the texts to be highly concentrated. She only transcribed the audios of the interviewees. All of the interview data are gathered in Table 1 below.

<b>Interviewee's Position</b>	<b>Length of interview</b>
Sales Manager (Room sales)	30 minutes 50 seconds
Senior Sales Manager	27 minutes 53 seconds
Head of Sales	32 minutes 34 seconds
Marketing Manager	45 minutes 21 seconds
Marketing Manager & Hotel Manager	30 minutes 00 seconds
Sales Executive (Room Sales)	32 minutes 04 seconds

Director of Marketing	21 minutes 51 seconds
Head of Meetings & Events in-house sales	27 minutes 14 seconds
Sales Manager	31 minutes 05 seconds

Table 1. List of interviewees with interview data

#### 4.5 Data analysis

In order to keep the anonymity of the interviewees, their details were coded. The companies' names were coded using alphabetical letters, starting from A, while the interviewees were coded using numbers, starting from 1. All will be regarded as "he" irrespective of gender.

In addition, the data pool collected has to be based on these following criteria: significance, generalizability, reliability, and validity, so as to ensure the quality of the research (Blaxter, Hughes, & Tights 1997, p. 199). The data pulled from these interviews are significant, as they reflect the genuine answers of the insiders directly related to the research topic. The group of interviewees, despite being diverse, can be representative of many personnel cases in many big hotels in the world. Reliability is high in the research, as the same methods and questions were used throughout the data collection process. (Blaxter et al. 1997, p. 200). Finally, the research is valid as the qualitative research method measures precisely what needs to be measured for the thesis, as the main aim was to study the possibilities of Smarketing in the accommodation business, especially in the chosen hotels. This is best explored by gaining insights from the insiders. (Greener 2008, p. 37.)

### 5 Research results and evaluation

All nine interviewees are currently holding Sales and Marketing positions in the chosen hotels, with most of them being at a managerial level. This helps the research to understand better not only the micro-level of the job itself but also on

the macro-level of how the higher management perceives the job's characteristics, thus giving insightful opinions regarding Smarketing.

In this chapter, the results of the research study are presented, answering questions according to the list sent out for the interview. The purpose of this section is to form a bigger picture to help readers better understand the current state of the Sales and Marketing department in the accommodation business.

## **5.1 Theme 1: State and current situation**

In this theme, the author gained detailed overviews of the interviewees' backgrounds and company information in order to better understand the structure and orientation of the Sales and Marketing department of each chosen hotel as well as their daily tasks working in the field. In addition, a big picture of the target groups of each chosen hotel was also explored to provide the interviewer with a foundation knowledge of the customers' characteristics, thus allowing her to analyze them in the circumstance of a digitalized era better.

### **5.1.1 Job description**

All interviewees gave detailed descriptions of their daily tasks and job responsibilities within their organizations. Six out of nine are working in the Sales division, while three of them are in Marketing. All share similar tasks and responsibilities. For instance, salespeople's goals are getting new business leads while nurturing the existing ones using different sales methods, building good relationships with customers through various means. They also try to penetrate new markets by traveling abroad. For Marketers, they take care of social media and website, or communication channels of the hotel, in other words, marketing materials, such as brochures, in-house collaterals, and any products that support the Sales division. Interviewee D4 emphasized that "Everything to concern with marketing and how people view the hotel is part of his responsibilities." Furthermore, interviewee E5 pointed out that he initiates the sales rates and packages for the B2C segment through online promotions and campaigns. D8 also added that the Marketing Manager often gives a lot of input and ideas for the campaigns.

### 5.1.2 Hotel overview

All hotels interviewed have more than 50 employees with distinct Sales and Marketing divisions. Hotels A and B are part of a big hotel chain, while C, D, and E are independent brands, with D and E being part of a chain of ten hotels, which is brand C. Therefore, let us take brand C as the representative hotel of the other eight in the chain. The hotels are classified as either upper-scale or luxury. For hotels A and B, the organizational charts are similar. They both have a Director of Sales and Marketing, responsible for both divisions and making decisions as well as strategic plans for Sales and Marketing. Under him, there are a Director of Sales, responsible for room sales, a Director of Meetings and Events (M&E) or Banquet Manager, taking care of MICE sales, and a Director of Marketing. In the room sales team, there are Sales Coordinator, Sales Executives, Sales Managers, and Senior Sales Manager. In the M&E team, there are also the same categories. For Marketing, under the Director of Marketing, there are either a Marketing Assistant or an E-Commerce Executive, together with a Graphic Designer. The personnel in each team report directly to the nearest supervisor instead of the Director of Sales and Marketing. This Head of the department often communicates and discusses via the other three directors. The structure in the cases of C, D, and E is quite different. They have a centralized headquarter located at brand C. The Head of Sales, Head of Marketing, and Head of Revenue are working directly there, each of whom has his own team, consisting of Executives and Coordinators. Nonetheless, each hotel, such as D and E, has its own Marketing Manager reporting directly to the hotel's General Manager. Hotel D has its own in-house MICE Sales Manager taking care of meetings and events sector, while recently having got a Sales Manager focusing on the B2B sector. The responses pinpoint the fact that all Sales and Marketing teams are managed separately, and each has its own Director, indicating that the **organizational structure and orientation** of the department are considerably hierarchical and divided.

### 5.1.3 Target groups

All hotels target both B2C and B2B customers, with hotels A and B being more concentrated on business travelers and B2B due to the current situation of the countries and their economies. Interviewer B2 specified that their customers'

ages range from 25 to 40, indicating that many those belong to the Millennials generation. Otherwise, other interviewees replied that their target customers are anyone who finds the hotel suitable and is willing to pay for the brand.

#### **5.1.4 Responsibilities and collaboration between Sales and Marketing**

For those working in the Sales team, their most common answer regarding Marketing's responsibilities was providing collaterals to support the internal and external communication of the hotel as well as supporting the sales visits while at the same time taking care of the hotel's online presence on different social media platforms. For the Marketers, they replied that Sales' function is to get leads and generate revenues. Overall, all interviewees managed to tell what the responsibilities of the other division are on a general level.

In terms of how the two divisions currently collaborate, A1 mentioned that the Marketing team helps visualize everything that Sales requires, gives suggestions on the rates whether these would fit the market or not. They often discuss these matters in the morning briefings. A6 agreed that their Sales team has a good relationship with the Marketing side. On the other hand, A7 said that Marketing has to collaborate with all stakeholders within the establishment, not just only Sales. B2 responded that their Marketing team helps get leads from social media channels, in addition to providing printed materials and collaterals. In all hotels cases, the Sales and Marketing department have meetings together to share information and discuss strategical plans. They also review what has been done right and wrong. C3 said that in their organization, they often have commercial meetings per quarter. These are often very long sessions with a lot of information and figures presented. On the other hand, on the hotel's level, the marketing and sales managers have monthly meetings, along with the hotel's General Manager and Revenue Manager. He pointed out one vital issue that since everyone's schedule is extremely tight and busy, it is already a good achievement to gather them all four times a year. He also emphasized on the importance of substitution for these formal meetings, since they all need time to work. Therefore, brand C has developed an internal newsletter to provide monthly breaking news to all staff and departments. However, D4 said that it would be more beneficial to meet more frequently and have more structured meetings. He believes that there is still a lot

to improve. Yet, both D8 and D9 said that they collaborate quite closely with their Marketing counterparts. Surprisingly, in the case of interviewee E5, there is **no collaboration** between the Marketing and Sales divisions whatsoever. If there are campaigns and discounts packages to be launched, depending on the customer segments, each division will handle those independently.

## **5.2 Theme 2: Digitalization**

In this section, the interview aims at examining the changes in the roles and approaches of the Sales and Marketing department during the age of digitalization as well as how they perceive the current behaviors of customers, especially the Millennials generation.

### **5.2.1 Effects of digitalization**

All agreed that digitalization had affected the roles and approaches of the Sales and Marketing department. A1 explained that in the past, print marketing made it difficult to raise awareness. Anything printed within a country stayed within that country. Therefore, he said that digitalization has, in fact, brought an advantage for sales, raising higher awareness across borders. On the same note, D4 confirmed that Marketing does 80% of the work already, as everything is now available online. “It is faster to get results” – said A1. E5 mentioned that the hotels need to have more visibility online, as everyone is interacting on the internet all the time. On one hand, D9 advocated the digitalization effects by proving that technologies have minimized human errors. On the other hand, C3 made a strong viewpoint that digitalization has erased human communication, making it challenging to keep the personal touch from the salespeople if it had not been for the guidance of the **company’s values and culture**.

Upon an additional question raised by the author during the interviews with the Salespeople regarding whether digitalization has decreased the role and importance of a salesperson, all replied with a “No”. According to B2, since promotions are displayed everywhere nowadays, it is the salesperson who has the power to influence the purchase decision of the customers. Therefore, the role of the salesperson is still vital. In fact, C3 added that “The more digitalized the world is, the more important it is also to remember the human part of everything. That

is what we offer in a five-star property”. Moreover, A6 noted that the salespeople are fundamental as they can give advice and recommendations to the customers on what to buy and consider, so, during the era of digitalization, the role of them has indeed “evolved”. An interesting point to note is that “Sales and Marketing should be merged to make everything feel the same. (...) It is important to evolve in the digitalized world, but not to be part of everything.” – said D4. He explained that since D is an old establishment, there are still many things to do marketing-wise, and it would cost significantly to apply the changes, similarly raised by E5.

Since the accommodation business is a service industry where they sell intangible goods or so-called experiences, D8 pointed out that these cannot be put online. “We have to sell experiences in the M&E sector, which is done via salespeople.” In addition, D9 has the same mindset and responded that “this is a perfect combination. (...) There is nothing more powerful than me explaining to the customers how the hotel feels, and we cannot put this online”. On the whole, like E5 commented, “Digitalization is here to stay.”

### **5.2.2 Customers’ behaviors**

Due to the digitalization’s effects, the customers’ behaviors thus have changed. D9 said that most of the customers have already gathered information online and made the decisions by themselves before meeting the salespeople. “People expect things to be fast and up-to-date” – said D8. Examples about how the customers have changed their purchasing behaviors are noted from C3 and E5’s remarks. They mentioned that TripAdvisor allows information and reviews to be easily accessed. More and more people are now booking with third-parties like Online Travel Agencies (OTAs), such as Trivago because the companies have huge budgets in marketing and making things much easier to book. This is scary because the hoteliers cannot control what is written and feedbacked on these platforms, explained by C3.

Another point made by B2 is that customers are different, “(...) some are rushing, while some need a lot of details. This requires the collaboration between Sales and Marketing”. In fact, according to C3, customers nowadays are going back to the basics, as they are tired of talking to robots all the time. Therefore, besides

information being available online, there should be a possibility just to call a salesperson.

### **5.2.3 Opinions regarding digitalization and Millennials**

Upon being asked about their opinions regarding the Millennials generation and whether they are a target group of customers, E5 said that it is very difficult and tricky to do marketing to them. He elaborated that they have known everything beforehand, and they do not easily trust what marketers have to say. He also pointed out that it is very easy to get a lot of hype on social media, but how many will actually book is another issue. “It is tough to measure the ROI (Return on Investment) of that” – explained E5. This also calls for the collaboration between Sales and Marketing divisions. From A1’s point of view towards Millennials, these customers are very dynamic: they often give feedbacks, thus allowing peer reviews to gain much more authority. Nevertheless, if a Millennial represents a company, the person still requires direct meetings. D8 and D9 put forth a good point that Millennials will be the main target for everyone in the future, as the older generations cannot stay with us forever. The fact that these tech-savvy customers are very acquainted with researching for information by themselves and share their experiences online allows Sales and Marketing people to react instantly and enable a more time-efficient procedure.

## **5.3 Theme 3: Challenges**

Despite many pieces of research on the benefits of Sales and Marketing alignment, many reports present that these two divisions are still silos in today’s accommodation business. Therefore, this part of the interview serves the purpose of discovering the challenges that salespeople and marketers might be facing in their current work-life and what has been the reasons behind a hindered collaboration between these two divisions.

### **5.3.1 Satisfaction with the current collaboration**

Only four interviewees said that they are satisfied with the current collaboration of the Sales and Marketing teams, while the other four either responded with a mixed answer or a complete dislike. Interviewee A7 gave a fascinating response,

stating that the Sales and Marketing should work separately, as they are different in nature: Sales is a revenue-generator while Marketing is a revenue-spender. He also mentioned that Sales is mostly about face-to-face meetings, and the team should be considered as a part of the Marketing division. A1 said that the Marketing guys play a major role in getting new leads since they can reach markets that a salesperson cannot thanks to their usage of social media. With the help of digitalization, partnership with influencers, the Marketing team has managed to reach more guests and thus communicate these numbers with the Sales team. In B2's case, his Marketing people are very proactive: they come up with new ideas all the time and provide valuable inputs that support the conduct of sales calls and sales blitz. Moreover, hotel B organizes weekly Yield meeting where everyone brainstorms together. C3 and D9 are also satisfied with the current collaboration, saying that they work closely and always get the help they need. However, the same situation does not apply to hotel E since the hotel does not have its own salesperson. Hence, there is no collaboration at all, according to E5. D4 explained that although the salesperson is in the house, they rarely have meetings together. That is why he is dissatisfied with the collaboration.

### **5.3.2 Challenges in one's division**

For Sales-interviewees, the biggest challenge for them is the lack of materials. "In such a fast-paced world, materials get old very fast, so they need to be updated all the time," – said C3. B2 and D9 also said that the only challenge they have had so far is the lack of collaterals. This directly affects the performance of the sales team's sales calls since the materials are the sources of information to be presented to the customers. Whereas the Marketing division faces different challenges. D4 explained in the interview that he needed to spend his energy into making how everything looks and feels in the hotel, not taking care of nurturing leads and conducting customer service activities. In addition, D4 and E5 do not have an extra hand to help when it comes to marketing on the hotel level, as the Marketing division consists of only one person. "Tasks could be very overwhelming in some days," said E5.

### 5.3.3 Challenges occurring during the collaboration

Many challenges occur during the collaboration between the Sales and Marketing department. For instance, in the case of hotel A, both salespeople noted that the Marketing team is rather understaffed and thus quite slow. More specifically, they are too engaged with internal tasks and other stakeholders of the hotel that they do not get involved externally, which is with customers. This leads to two consequences. Firstly, the Graphic Designer is overloaded with work from the internal departments, hence not being able to provide sufficient collaterals in the required time. Secondly, since the marketers do not engage externally, 90% of the time, they get knowledge of the market from the Sales team instead of on their own. Furthermore, A1 and A6 believe that the **Marketing role is limited** within the hotel because of being a part of a big hotel chain. The headquarter will give guidance on what the Marketing team can do. However, since they are not located locally, this limits their awareness of the market, thus not being able to give permissions that enable the hotel's Marketing team to work at full potential. C3 remarked that because of cultural differences, especially in terms of generations within the company, the ways of doing have also been very different. For those who have been with the company for a long time, they have been used to certain ways of doing things. Hence, their change resistance level is rather high. Therefore, in his opinion, it is very hard to implement changes unless the person has a background of the other division and is eager to learn from the other personnel. In other words, the individual needs to be interested in the **cross-departmental knowledge** in order to understand and empathize with the staff from that division. Another good point from C3 was that time is an issue. Marketing team members are often busy with other assignments that they could not have time to support the salespeople with preparing the presentations. As a result, the sales team usually creates the PowerPoint themselves, knowing that the quality would not be as good if it had been done by the Marketing team. The underlying reasons for this problem are **priority, lack of resources and budget**. The biggest challenge that hinders the collaboration between D4 and D8 is the lack of meetings or meetings with no specific structures. As mentioned earlier, D4 and D8 rarely have official meetings with structures to develop as well as tasks and roles specification, thus resulting in less effective collaboration. D4 said that although they have Slack to

communicate, face-to-face meetings are still more important. D8 shared the same thought with C3 that the lack of budget, resources, and time are the factors that lead to the unavailability of materials.

Upon an additional question about whether Sales and Marketing divisions share any similar KPIs (Key Performance Indicators) and if these are discussed in the department meetings, all of the responses were negative. Based on C3's answer, Sales' KPIs include revenue (top-line), EBITDA (as the results), day-to-day actions (i.e., new contracts), points quote (for Meetings & Events). On the same note, KPIs for Marketing are conversions, metrics from one's booking channels, and newsletters performance. Although the apparent common goal is to generate revenues for the hotel, this applies to all departments, not limited to only Sales and Marketing. In fact, according to A7, since the two divisions are so different in nature, one bringing in money and the other spending, it is hard to have common KPIs.

#### **5.3.4 Higher Management's awareness**

All answered that Higher Management is aware of the situation, whether it is the lack of materials or the lack of resources. Nonetheless, A6 explained that since **there are more urgent and bigger issues to deal with**, the problem regarding the collaboration of Sales and Marketing is often put behind and postponed. C3 even pointed out that workforce is very expensive, so implementing changes and retraining are needed to be considered. The rest did not mention what actions their Higher Management is taking to improve the situation.

#### **5.4 Theme 4: Smarketing**

In the final part of the interview, the author aims to explore the familiarity level of the interviewees with the methodology of Smarketing and to grasp how closely the two Sales and Marketing divisions work together in each company case. On the same note, the author's purpose is to obtain opinions from the insiders of the department whether they think Smarketing is beneficial and if they would like to apply or at least suggest its implementation in their hotels.

#### **5.4.1 Previous implementation**

When being asked whether the hotels have ever applied Smarketing or Sales and Marketing alignment before, the interviewees gave mixed answers. More specifically, despite being in the same company, A1 and A6 responded differently. On one hand, A1 said that Smarketing has been implemented, but not to its full capacity. On the other hand, A6 mentioned that Smarketing has never been implemented before. D8 answered that Smarketing has been attempted but not as elaborately as the definition suggested. The other interviewees said that Smarketing had not been applied.

#### **5.4.2 Opinions regarding Smarketing**

For B2, he is in the process of trying to understand the term Smarketing. He believes that there is much work to be done in order to implement this methodology in the organization. He also mentioned that since the old mentality, which indicates that Sales brings in revenues and Marketing spends, is no longer applicable, it is essential to combine Sales and Marketing and create a common goal so that both can work towards that. Therefore, to him, Smarketing is very important. Similarly, A1 and A6 agreed that Smarketing is beneficial and necessary for their establishments. A1 elaborated that currently, there are no guidelines on how things should be done, so work is not moving fast while Marketing is not helping Sales. They could have helped Sales to target the right customers at the right time. Therefore, with Smarketing, the goals are aligned so that both divisions can work together towards the same goals in a more effective manner. This will help increase the traffic number. On the contrary, A7 disregarded the idea of Smarketing and stated that the two divisions should stay separate. D8 mentioned that Smarketing is necessary as it would help him personally to achieve what he has been doing. Nowadays, the tasks are very ad-hoc and appear all of a sudden. If there is a structured format for the way of doing things, that would be lovely. However, the other interviewees provided a rather mixed answer and opinion towards Smarketing. C3 said that Smarketing would be beneficial, but he needed the data to back up the applicability and effectiveness of the methodology. More specifically, he mentioned that in order for Smarketing to be realized, there have to be clear joined targets and KPIs. The common KPIs could be the volume of

direct bookings generated from their own website and social media channels. After that, these joined KPIs should be tested to see if they are valid. Otherwise, he sees no point in implementing Smarketing if the results are not supporting. D4 responded that as time has gone by, Sales and Marketing can no longer be separated. To him, “Smarketing is to generate revenues from all possible channels.” Though Smarketing is a possibility, in order to apply it into the hotel, it takes a lot of work and time to implement. This calls for the re-organization of the company as well as changes in the responsibilities and worklist of everyone. E5 shared the same thought and explained that the organization would have to change completely, from having different bosses to having only one and combining Sales and Marketing into one entity. Furthermore, if the method is too strict, it might not be a good fit for the hotel and its characteristics, thus, in fact, slowing down the operation.

#### **5.4.3 Future intentions for Smarketing**

Five out of nine responded that they would implement or suggest the implementation of Smarketing into the organization. A1 said that he would suggest Smarketing to the Higher Management, and they are very open to new ideas if those bring revenues. He mentioned that the first step to implement the methodology is to have more meetings. A6 gave another idea, which is swapping roles for both personnel and have them do shadow training with the other staff of the other division so that they could better understand the work, thus being able to collaborate better. B2 answered that he would 100% apply Smarketing and test the methodology in the first one to two months. If these are not working, together with the teams, he would adjust it accordingly. D8 said that he would implement Smarketing by starting with setting a clearer picture of the organization and responsibilities, then continuing with setting up clear joint targets. D9 also said he would suggest Smarketing. Whereas D4 gave a blank answer to this question, and E5 mentioned that from a Marketing point of view, there is no point in implementing such a methodology.

## **6 Summary and discussion**

On the whole, the results generated from the answers of nine interviews met the author's objectives in gaining a better understanding of the current situation of Sales and Marketing in different hotel cases and how the insiders view Smarketing. All interviews were conducted in September, allowing the author sufficient time to transcribe and analyze. After analysis, the level of quality of all answers is high. The interviewees gave extensive and honest comments about the challenges as well as their presumptions of Smarketing possibilities. Since all are currently working in the Sales and Marketing department and have been in the industry for more than two years, they have had adequate knowledge and experiences to provide such detailed responses. The results might not be generalized for all hotels within the accommodation business as the respondents provided the answers based on their current workplace and its situation. However, the results can apply to other hotels if the hotel category and organizational structure are similar. The only problem that occurred during the recruitment process was that many promising candidates could not participate due to tight schedules. One interviewee did not reply regarding the arranged meeting after having agreed to interview with the author. As a result, there were officially nine interviewees instead of ten. Other than that, everything went smoothly and according to plan. The interviewees were very supportive and co-operated well with the author.

### **6.1 Summary of Smarketing**

Smarketing is a time-worth and up-to-date topic to be discussed also in the far future, as Sales and Marketing department will always be of utmost importance and digitalization is here to stay, thus making the departmental alignment always in priority interest of both researchers and insiders. Smarketing is reported to be positively affecting the performance of the Sales and Marketing department, which leads to better results and optimal revenues. Besides, the author has always been passionate about this function, so she would like to investigate more in-depth into how Sales and Marketing divisions work and in which ways they could enhance their collaboration. Hence, the thesis topic "The possibilities of Smarketing in accommodation business" was born, with a view to providing a big picture of the department, how they work, and what challenges they face, as well

as Smarketing would be a potential methodology to apply. The thesis aims to benefit the current staff of the Sales and Marketing department as well as those who are interested in a career path in this department.

In the theoretical part, the author elaborated on the current situation of the Sales and Marketing, described the transformation of both divisions from the past into the current digitalization era, and introduced fundamental terminologies related to the matter. As technology is dominating the ways of life and a more tech-savvy as well as demanding generation of customers is emerging in the market, the alignment of Sales and Marketing is reported to be crucial in order to maximize revenues. Nonetheless, certain obstacles hinder the collaboration, as the current situation of the department suggests a rather isolated and tensed scenario between the two teams. Therefore, the author had created a theoretical framework that divides the underlying reasons that could affect the alignment level into different categories: Communication, Organizational structure and orientation, Interdepartmental knowledge, and Resources. Her hypothesis was that in the era of digitalization, the more effective the communication, the more united the organizational structure and orientation, the more enhanced interdepartmental knowledge among the Sales and Marketing staff regarding the two divisions, and the more adequate resources (for instance, human resources, budget, and time) are, the better-aligned Sales and Marketing can be, resulting in a Smarketing condition that creates positive possibilities for the accommodation business. In order to confirm the theory as well as further explore the topic from an insider's point of view, semi-structured interviews were conducted with nine people currently working in the Sales and Marketing department of five different hotels.

Four out of nine interviewees said that they are satisfied with the current collaboration of the Sales and Marketing department in their hotels, while four others gave a mixed answer. Only one interviewee responded that he did not see the point in Sales and Marketing alignment, so the question was inapplicable to him. When it comes to questions about challenges in each division and those that occur during the collaboration, many similar answers were shared. For instance, for the Sales team, the biggest challenge was the lack of materials, whereas for the Marketing team, a considerable workload yet a shortage of human resources

and time were often the factors. The interviewees also mentioned that the lack of structured meetings also hinders the collaboration. Upon being asked about whether Smarketing has been implemented in the hotel before, none gave a completely certain yes. In fact, their answers were a mix. Some said that a lower level of Smarketing has been applied or attempted, while others replied that the collaboration was non-existent. Nonetheless, not everyone thought that Smarketing was necessary. Two interviewees explained that applying Smarketing would not be suitable and might interfere with the current working state. Furthermore, five out of nine interviewees were strong advocates of the Smarketing implementation, while the others either gave a mixed feeling towards the term or completely disregarded the idea.

All in all, many of the results resonated with the findings from the theoretical part. For example, in all five hotel cases, the Sales and Marketing department is not working at the highest efficiency, and their collaboration is not optimized. Firstly, because of the compartmentalized organizational structure, the department is divided into two distinct sub-divisions. Each division has its own managers, so their orientation and management approaches regarding the functions of the department also directly affect the collaboration between the two teams. Secondly, since the divisions are separated, the staff have difficulty in communicating with each other, thus working together less effectively. Moreover, due to the lack of time, budget, and human resources, certain departmental tasks are left unsolved or handled by the wrong personnel. This decreases the productivity of both divisions and enlarges the gap between Sales and Marketing. Another point to note is that the backgrounds and mindsets of the team members also play an important role in the alignment. If they are change-resistant and still embrace the old mentality that Sales and Marketing are independent fields, Smarketing would never be taken into consideration. On the same note, each member's interdepartmental knowledge also influences one's advocacy towards the alignment. More specifically, if a salesperson does not know what Marketing actually does, that person would easily blame rather than empathize with the counterpart on specific unsolved tasks and would not see the point or the way in combining the two divisions into one joint venture. Based on the insights provided by the interviewees, the author would like to add another factor that affects Smarketing,

which is the Backgrounds and Mindsets of the team members, including managers, as follows:

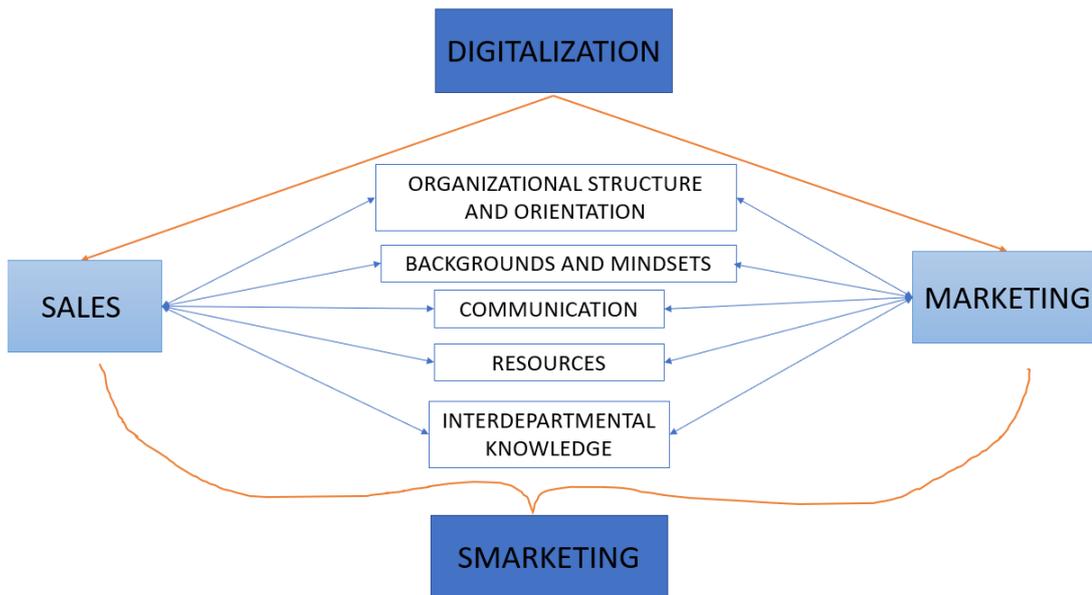


Figure 16. Revised theoretical framework

The most interesting takeaway from the interviews is that despite working in the same hotels, many interviewees had very polar viewpoints towards the same case. For example, one mentioned that he had noticed a similar alignment to Smarketing occurring within the Sales and Marketing, whereas his colleague disagreed and refuted that these two divisions are separated and should stay the way they are. Moreover, the author noticed that no interviewee was familiar with the term Smarketing, and to some, the idea of combining Sales and Marketing was unnecessary. Therefore, the way the Sales and Marketing department of a hotel functions heavily relies on the perspective and the working methods of each individual that made up the organizational chart. They also have the key power to determine the direction of development of the hotel in the future, whether Smarketing being a possibility or not.

Irrespective of the fact that many reports have shown positive effects and statistics that Smarketing has brought to companies that implemented the methodology, the same impact might not be applicable to all industries as well as companies. More importantly, there has not been any reported study about implementing Smarketing in the accommodation business, thus not being able to validate

the possibilities that Smarketing can generate. In addition, the accommodation business is a very unique industry that targets both B2B and B2C sectors, so Smarketing might need to be adjusted accordingly.

## **6.2 Smarketing implementation suggestions**

In this session, the author wishes to provide a suggested guideline to start the implementation of Smarketing in a hotel. The first step is listening and gathering information (Shahid 2019). Team members should understand each other's work by hearing stories from both sides, thus being able to empathize, compromise, and create better approaches to collaborate. These can be done by shadow training, an activity that allows one member from one division to observe and get involved in a full-day working routine of another person from the other division. According to Kahn (1996) in Piercy & Le Meunier-FitzHugh (2007, p. 947), inter-departmental trainings can help increase the level of collaboration between the Sales and Marketing divisions. Staff will also comprehend what to expect after these trainings. Moreover, if relocating the Sales and Marketing in the same office is not feasible, ensure communication properly flows between the two divisions, and every member of the department has mastered using the chosen communication channels. The most recommended tools for instant messaging and project management are Slack and Trello.

Secondly, creating common goals among Sales, Marketing, and Management, according to Shahid (2019), requires everyone in the department to specify on roles and responsibilities of each member, what tasks each division has, and what should be done together. Most fundamentally, one must create a common Sales and Marketing language. In other words, one must carefully define what criteria and characteristics Marketing qualified leads and Sales qualified leads should include, so that both divisions have the same common picture of the current happenings and can hand over the progress more efficiently. These can be documented in a Service Level Agreement form, where all terminologies are clearly explained and assessed (Slone 2017). Furthermore, long-term visions and short-term missions must be defined and then divided into smaller projects that are easy to handle. A project manager, who can be from either Sales or Marketing, must be appointed and allowed to lead the project to its end goals. With this

approach, team members will be able to easily follow the worklist as well as have a main contact person to report the progress of a certain project to. The project manager will be responsible for arranging structured meetings, meaning that he or she will prepare the meeting agenda, the contents it should cover, and the obtained results of the meeting. He or she will also monitor the meeting to ensure it does not run overtime. Meetings are essential and inevitable. Therefore, a more structured meeting will not only enhance the productivity of the workforce and the interdepartmental communication but will also tighten the bond among members. According to Souder (1988) in Piercy & Le Meunier-FitzHugh (2007, p. 944), having common meetings that discuss mutual targets on a regular basis will also contribute to the collaboration.

The final step is to execute, test, and adjust. Smarketing is a new methodology, especially for the accommodation business. Therefore, it takes time, effort, and observation to fully refine the procedure. After each pilot project, document the results and the process for evaluation and adjustment. They will be the evidence for the impact and profitability that Smarketing brings, thus acting as a confirmation source for the Higher Management to decide on whether to continue the methodology or not.

### **6.3 Conclusion**

According to Corstjens and Corstjens (1999) in Piercy & Le Meunier-FitzHugh (2007, p. 950), poor collaboration between Sales and Marketing can potentially damage the overall success of the organization. Hence, Smarketing, or the alignment between Sales and Marketing, is and will always be an important issue to be considered for those working in the fields. Consequently, hotels should start thinking about implementing the new methodology to their daily organization, to see what possibilities can be unveiled by Smarketing. It is suggested that hotels can create different trials within short periods, approximately within two to three months to analyze the results. These data will aid researchers in their further studies about Smarketing's applicability in the accommodation business.

In conclusion, there is no current confirmation about the effectiveness of Smarketing, but its possibilities within the accommodation business are various and also

welcomed by many professionals. Nonetheless, further researches should be conducted in order to validate the theories. Smarketing is worth attempting and can generate improvement within the Sales and Marketing department.

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## **Table**

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**THESIS INTERVIEW QUESTIONS****A. Introduction: State and current situation:**

1. Short description of your position and responsibilities, including some example tasks, at the hotel.
2. Provide a general overview of the hotel:
  - a. What is the size of the hotel, in terms of rooms and employees?
  - b. What categories is the hotel listed as? (Luxury or mid-scale? Independent hotel or chain hotel?)
  - c. What is the organizational chart of the Sales and Marketing department of the hotel?
3. Who are the target groups of the hotel?
4. What are the responsibilities of the Sales department and the Marketing department? How do members from both divisions work together?

**B. Digitalization:**

1. Has digitalization affected the roles and approaches of the Sales and Marketing department? If yes, how?
2. How would you describe the current customers' behaviors?
3. What are your thoughts regarding the era of digitalization and Millennials customers?

**C. Challenges:**

1. Are you satisfied with the current collaboration between Sales and Marketing at your hotel? If not, why?
2. What are the challenges that you face in the Sales department (if you are a Sales team member) or the Marketing department (if you are a Marketing team member)?
3. What are the challenges that occur during the collaboration between Sales and Marketing?
4. Is higher management aware of these challenges?

**D. Smarketing (Sales and Marketing alignment):**

1. Has Smarketing been previously implemented in the hotel?
2. Do you think Smarketing is necessary? If yes, how would that improve the current performance of the hotel in general and the Sales and Marketing department in specific?
3. After this interview, will you plan on developing and implementing a Smarketing approach for the hotel?
  - a. If yes, what would be your suggestions as the initial steps?
  - b. Are there any specific tools that you think would help in achieving it?