The 2015 Smart Decision Guide™ to Hospitality Revenue Management

Everything you need to know for selecting the right Hospitality Revenue Management solution and/or partner for your business.

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Yield management. Price optimization. Revenue management. Originally pioneered in the airline industry, these overlapping disciplines and practices have been applied in recent years, with increasingly successful business results, in the context of hotels, resorts and other lodging properties. Fueling the success of Hospitality Revenue Management, as it has come to be known, is advanced data analytics coupled with industry-specific capabilities and methodologies. The advent of next-generation technologies are now helping to automate the pricing recommendations and other decision-making processes that sit at the heart of increased room occupancy and, more importantly, higher hotel, resort and other lodging property revenues and profitability.

Hospitality Revenue Management is a complex discipline and practice – one that is still rapidly evolving. It involves big data processing, demand forecasting techniques, pricing optimization models and advanced technology platforms. For hotel operators and corporate shareholders, it is also a highly worthwhile endeavor in terms of the financial upside potential. When properly executed, Hospitality Revenue Management can drive very substantial increases in top-line revenue growth and overall profitability. In fact, according to research conducted for this Smart Decision Guide, the implementation of Hospitality Revenue Management results in a 10 percent average increase in revenue per available room (RevPAR) for large and very large hotels, potentially translating into millions of dollars in additional profit for these companies.
The purpose of this Smart Decision Guide is not to teach pricing strategies or forecasting techniques related to revenue management. It contains no discussion of how to apply the principles of capacity management and duration control or how to use displacement analysis to calculate group rates or how to develop rate fences. There are credentialed educational programs designed for that purpose, some of them offering a large curriculum of coursework (and requiring a significant investment of time to complete). There is also a sizable body of literature on the topic, authored by industry practitioners, solution providers, consultants and academics, many of them sporting PhDs in statistical analysis and computational science. Of course, gaining the requisite experience and expertise generally means not only having the knowledge base. It also means rolling up one’s sleeves and becoming an actual revenue manager or other practitioner in the field.

This Smart Decision Guide is intended for decision makers, including hotel and resort operators, property managers and owners, who are looking to bring the science of next-generation Hospitality Revenue Management to their businesses. Here they will find a roadmap for getting started on the path toward increased hotel revenue and profitability. The key takeaways include actionable insights for evaluating and selecting the right consulting and/or technology partners as well as for putting the right organizational resources, business processes and performance metrics in place to maximize return on investment.
Chapter 1
Topic Overview and Key Concepts
Any introduction to the topic of Hospitality Revenue Management would be remiss if it didn’t highlight one of the most fundamental concepts in economics: *price elasticity of demand*. Simply put, demand is sensitive to changes in price and price is sensitive to changes in demand. Of course, some products and services have more elasticity than do others. Apple iPhones and Tesla SUVs have almost no elasticity simply because demand often outstrips supply. There is no need for revenue management techniques when vast numbers of consumers will wait in long lines and pay full price to make a purchase. Most hotels, on the other hand, tend to have a lot of elasticity.

Indeed, demand for guest rooms can fluctuate wildly. So, too, then, should the price. The simple truth is that consumers are at times willing to pay more than at other times for the exact same accommodation. Managing pricing in a way that dynamically responds to these changes in demand and optimizes profitability based on a deep understanding of elasticity speaks to both the challenges and the benefits of Hospitality Revenue Management.

The classic definition of revenue management is: *Sell the right space at the right price at the right time to the right customer*. In the case of hotels, space generally refers to guest rooms (full-service hotels may have a dozen or more room types). Price refers to the room rate, which is influenced by any number of factors, including time (e.g., how far in advance the reservation is made) and market conditions (e.g., how much competitors are charging). Customers—including groups of customers—are generally segmented based on demographic attributes and price sensitivity.
While the basic concept of Hospitality Revenue Management has been around for several decades in some shape or form, the discipline and practice has grown and matured dramatically in recent years. It has evolved from being a promising idea for increasing occupancy rates to becoming a strategic imperative for maximizing hotel revenue and overall profitability.

During this period, the definition of Hospitality Revenue Management has also broadened in scope. No longer is it solely focused on filling as many rooms as possible, with no consideration given to the long-term implications of the pricing decisions being made. No longer, for that matter, is it just about rooms. Revenue streams such as conference hosting, recreational facilities and spas – which, after all, can constitute upwards of one-quarter of a full-service hotel’s revenues – are also now often being factored into the equation, in what practitioners commonly call Total Hotel Revenue Management. Suddenly, space refers not just to guest rooms but also to function space sold in day-parts.

Again, the practice of Hospitality Revenue Management has also grown in sophistication. With the advent of big data analytics, new price optimization capabilities, and next-generation technologies, it has become possible to process and analyze data for every reservation made by every hotel guest across every consumer segment and over a period of multiple years. As a result, a hotel can now generate precise demand forecasts for every night of the year across every room type, season and day of the week. For a hotel chain that numbers a few thousand rooms, that can mean generating some fifty million new forecasts on a nightly basis.
With Hospitality Revenue Management, the stakes are high and the payoffs can be tremendous. Consider the fact that a mere $2 reduction in the average daily rate (ADR) for a 500-room hotel with a 75 percent occupancy rate would cost a hotel more than a quarter million dollars in lost profit in a single year. Increasing hotel revenue and profits is certainly the primary benefit of Hospitality Revenue Management. It’s not the only one, however. Other major benefits include improving marketing and sales efficiency and effectiveness, generating competitive intelligence and market insights into occupancy trends and guest demographics, and benchmarking overall performance against competitors and best-of-breed lodging establishments.

**Research Data Point**

What are the biggest benefits one can expect to gain with Hospitality Revenue Management?

- Increase hotel revenue and profits: 96%
- Reduce time and costs associated with traditional pricing tactics: 88%
- Improve demand forecasting: 81%
- Gain competitive intelligence and market insights: 66%

Research findings are derived from the Q3 2014 survey on Hospitality Revenue Management (n=119).
The practice of revenue management comes with its own extensive vocabulary. Concepts like capacity management, duration control, overbooking practices and displacement analysis relate to the nuts and bolts of how to maximize revenue from a perishable product – in this case, a hotel room – in a market in which there exists a relatively fixed supply and varying consumer demand. While important, these concepts have little to do with actual buying decisions, which is the focus of this Smart Decision Guide. For that reason, this section includes only an overview of price optimization (without getting into the weeds) and the key metrics used to track and measure success.

**Price Optimization.** With Hospitality Revenue Management, the goal is to dynamically price room rates based on hotel capacity. That means being able to forecast demand for available rooms in a real-time manner and then maximize occupancy at the best possible price – what many in the industry refer to as intelligent pricing. What is the optimal price to charge in order to maximize revenue, accounting for the fact that demand will change as the price changes? What is the best possible rate a hotel can hope to get for one or more guest rooms, taking into account the type of room as well as the length of stay? How does a hotel ensure that discounted price promotions don’t dilute revenue and profits in the long run? These are just some of the fundamental questions that price optimization seeks to solve. It does so by analyzing demand forecasts, competitor rates, price sensitivities and various other inputs and factors, including demand drivers like seasonality, day-of-week differences and market dynamics.
Performance Metrics. The most basic metrics used to measure economic performance in the hospitality industry are occupancy rate, ADR (average daily rate), RevPAR (revenue per available room) and GopPAR (gross operating profit per available room). Occupancy simply refers to the percentage of guest rooms that are occupied during a given time period while ADR refers to the average revenue per occupied room. Some hotel operators still focus their promotional efforts on increasing occupancy, no matter that higher occupancy can, in some cases, actually lead to lower profits. Instead of occupancy, hotels need to focus on RevPAR, which combines occupancy and ADR into a single metric that has now become the industry standard. RevPAR is calculated as either ADR times occupancy or as total guest room revenue divided by the number of total available rooms divided by the number of days in the period. Yet while RevPAR provides a more accurate picture of a hotel’s overall performance, it fails to measure actual productivity. That’s because RevPAR doesn’t take CPOR (costs per occupied room) into consideration. Without knowing the operating costs, it becomes difficult to calculate actual profit margin or, for that matter, determine the target optimal occupancy. Hence the emergence of GopPAR, which takes into account not only the amount of revenue generated but also the actual operational costs. Yet, there remains a problem. The problem is that neither RevPAR nor GopPAR look at non-room revenue streams such as restaurants, function space, casinos, parking, spas, golf courses, etc. This shortcoming helps explain the introduction of various additional metrics, some of them put forth by industry consultants and solution providers, that seek to measure economic performance in a more comprehensive manner.
Chapter 2

Buying Considerations and Evaluation Checklist
Selecting the right consulting partner and/or technology solution provider (sometimes the two are one and the same) for a Hospitality Revenue Management initiative can be a daunting task. There are a large number of well-established players, each with differing focus areas and competencies. The buying considerations are sure to depend to a large extent on a hotel’s specific needs and situation. That includes its category, size and typology (including the number and types of non-room revenue streams) as well as the management team’s level of experience (including whether it has one or more dedicated revenue managers and the right corporate culture in place). Should the hotel work with an outside firm to conduct an assessment of current pricing practices and develop a revenue strategy? Should it invest in high-end technology with add-on modules or a bare-bones solution? Is it best to use open pricing, such that each channel and segment is priced independently, or a best available rate (BAR) approach? For these and countless other questions, the answer is: it depends. Still, for most prospective buyers, there are a number of key considerations to keep in mind, including the following.

**Technology integration.** Hotels have always had extensive technology integration requirements. A Hospitality Revenue Management solution that involves a technology component can’t exist as a standalone application. The solution should seamlessly integrate with the existing Hotel Property Management System, to provide for unified bookings, analytics and reporting functions, as well as with any third-party technologies and add-on modules. It should also integrate with multiple data streams and sales and distribution channels, including online travel agencies (OTAs).
Data processing. The sheer volume of data that more and more revenue managers are importing into their pricing optimization models is massive. For a large hotel, the data set may include dozens of customer segments, a dozen or more room types, several years of historical booking and reservations data, and upwards of a dozen length-of-stay types. Add to the mix competitive rate data, demand data, multi-market economic data, reputation scores and even social reviews, air traffic and weather predictions. Combining all these data sets for just one hotel could easily amount to 200 million-plus observations. Generating and storing the pricing recommendations for that property could require more than 15 gigabytes. Multiply that number for a hotel chain with dozens of properties and it quickly becomes clear that, more than anything, Hospitality Revenue Management is a big data challenge. Technology solutions need to be able to address that challenge head-on. That means being able to import and analyze the data, optimize the calculations, and update the pricing recommendations on a daily basis. Until recently, the technologies have underperformed by most measures, in large part because they were unable to overcome the data processing constraints and optimize calculations in highly compressed timeframes. Today, data processing speed and flexibility are key considerations. At the same time, it’s important to note that when it comes to data, success in Hospitality Revenue Management isn’t always a case of the more the merrier. At a certain point, there are bound to be diminishing returns on the number of data sources that are integrated into the model.
Pricing management. Aside from data processing capabilities, no buying consideration related to a Hospitality Revenue Management solution is more important than pricing management capabilities. The solution should be able to manage all stages of the pricing life cycle, from strategy formulation to actual execution. The key component is the rules-based decisioning engine. Next-generation Hospitality Revenue Management systems employ demand forecasting and optimization algorithms that are dramatically faster and more accurate than systems from even a few years ago, resulting in more timely, accurate and exact pricing recommendations. The science of pricing optimization as applied to the hospitality industry has evolved by leaps and bounds. Some systems are now capable of performing highly sophisticated analytical calculations that until recently would have been all but impossible. These include price sensitivity of demand at a market segment or room type level and price sensitivity of demand based on competitive rates and other market conditions. Some solutions also have features that support “what if” scenario analyses, making it possible to change a key input (say, demand forecast) or output (say, overbooking) and instantly see the results across all of the impact days. A consideration for global chains to keep in mind is whether the system can analyze and optimize pricing strategies across hotels located in different geographic regions, monitoring competitive information and market trends in all regions in which the hotel operates and adjusting the pricing recommendations accordingly.
Channel management and optimization. With continuously updated pricing recommendations, a hotel needs to make sure that rates and inventory information is updated as quickly, and with as few errors, as possible across all online travel agency (OTA) channels and other distribution channels (including the hotel’s own website). Otherwise, situations can arise where prices are lower than desired – or, worse, rooms are overbooked, potentially leading to negative online reviews. Inputting room rate changes manually can often result in money being left on the table. Channel management capabilities help ensure that a hotel’s room rates, as well as inventory, are up-to-date across all OTA channels. An important buying consideration, therefore, is the extent to which rate updates are handled manually or automatically. Channel optimization capabilities can be used to automatically identify and track the most profitable channels, factoring in the associated costs, including commissions, transaction fees and search engine marketing expenses, and dynamically adjusting the pricing on a channel-by-channel basis.

Customizability. Revenue managers have differing needs, depending on the characteristics of the hotel or resort as well as their own personal preferences, and are likely to require some degree of customization. Most Hospitality Revenue Management systems let users create predefined alerts and notifications as well as define the data inputs and specific needs around analytics and performance reporting. To succeed, users need to be able to not only mine the right data, based on their own parameters, but also generate actionable business insights.
**Cloud versus on-premise hosting.** Another important decision criteria to consider is whether the Hospitality Revenue Management solution is an on-premise installation or cloud-based, with a software-as-a-service (SaaS) model that allows for continuous software updates. The main downside of on-premise installation lies in the fact that the lodging property is responsible for installing and maintaining the hardware and providing IT support and data security. As with most enterprise technology solutions, most Hospitality Revenue Management systems are moving to the cloud, and hotels are benefiting from the global scale and distributed access to interfaces and information. Other benefits include reduced stress on hotel technology infrastructures, and, in some cases, more seamless integration with other applications, including Hotel Property Management Systems. A big advantage of “true SaaS” is that software updates and bug fixes can be pushed as they become available, meaning that every user is always on the most recent version of the software.

**Shared access.** The pricing recommendations and market insights generated by revenue managers are pertinent across multiple parts of the organization. Access to the tools and dashboards should be made available to marketers, in particular, who are charged with demand generation activities. The insights that are generated by a Hospitality Revenue Management solution should inform every campaign, including how aggressive to be with marketing offers and promotions.
User experience. Providing a good user experience means that the interface is flexible enough that users can define dashboards to meet their needs and suit their style. While notifications should drive the workflow, users should also be able to look under the hood. They should be able to dive into price sensitivity data, for example, and quickly see what inputs are behind the pricing recommendations at a detailed level. They should not have to wait until the price sensitivity of demand effects appear in actual booking statements to understand the impact of their overrides and determine whether they made the right “re-optimization” decisions. It should be easy to optimally manage pricing and available controls. Users should not be spending most of their time extracting and manipulating data, as is often the case today, but, rather, making strategic decisions that drive revenue growth.

Research Data Point

“How would you rate your company’s success in terms of utilizing revenue management to improve financial performance?”

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<th>Very successful</th>
<th>Successful</th>
<th>Somewhat successful</th>
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<td>19%</td>
<td>23%</td>
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<td>26%</td>
<td>29%</td>
<td>31%</td>
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Midsize and Limited Service Hotels
- Have utilized revenue management for 8 years, on average
- Have increased revPAR by 7% on average
- 20% have one or more revenue managers

Large and Full-Service Hotels
- Have utilized revenue management for 10-plus years, on average
- Have increased revPAR by 10% on average
- 70% have one or more revenue managers

Research findings are derived from the Q3 2014 survey on Hospitality Revenue Management (n=119).
This Evaluation Checklist offers a framework for conducting an apples-to-apples comparison of technology solutions for Hospitality Revenue Management using the buying considerations outlined previously. Other key considerations can be added based on individual buyer priorities. Relative weightings can be assigned on a scale of 1 (“This buying consideration has no bearing on our purchase decision”) to 10 (“This buying consideration is a very important factor in our purchase decision”).

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<td>2. Data processing</td>
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<td>4. Channel optimization</td>
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<td>5. Customizability</td>
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<td>6. Cloud (SaaS) versus on-premise hosting</td>
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<td>7. Shared access</td>
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<td>8. User experience</td>
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<td>9. Other features and functionality</td>
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<td>a. Demand forecasting management</td>
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<td>b. Group management</td>
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<td>c. Multiple property management</td>
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<td>e. Non-room (e.g. function space) rev. mgmt</td>
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<td>f. Other</td>
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<td>10. Support, training and consulting services</td>
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<td>11. Reputation / Client install base</td>
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<td>12. Cost</td>
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**Overall Rankings**

| Overall Rankings | N/A |
Chapter 3
Must-Ask Questions
There is no shortage of challenges when it comes to next-generation Hospitality Revenue Management. According to survey respondents, the top challenges include selecting the right technology solution, hiring the right talent (e.g., revenue managers with the requisite skills and experience to do the job) and engaging the right revenue management consulting services, for those companies that wish to outsource the function or leverage third-party expertise to enhance their in-house capabilities. Of course, the questions that prospective buyers will want to ask of solution providers is bound to vary depending on their situation. Different hotels – even those within the same category or typology (e.g., single-property luxury beach resorts) – have different customer demand patterns, different profile mixes and different ancillary revenue streams. That said, prospective buyers of Hospitality Revenue Management solutions are also likely to have many questions in common. Following are just a few of the questions that they may wish to explore with solution providers to help ensure that, once implemented, they will be well-equipped to identify customer patterns, forecast demand changes, make rapid and accurate pricing decisions, and then implement those decisions in a real-time fashion.

Research Data Point

Percentages of lodging properties that view each of the following success factors as “important” or “very important.”

- Importing all historic booking, reservation, competitive and other relevant data into the solution: 98%
- Integrating revenue management activities with sales and marketing activities: 93%
- Creating the right revenue management culture and practice within the organization: 86%
- Performing an “audit” or assessment of existing pricing activities and practices: 79%

Research findings are derived from the Q3 2014 survey on Hospitality Revenue Management (n=119).
Will the solution provide the answers we need to our pricing questions?

Given access to the right data, and provided that the individual running the queries has the appropriate skills and knowledge base, a Hospitality Revenue Management solution should be able to answer all of the day-to-day questions that are needed in order to maximize the company’s financial performance. Such questions might include: By how much should we increase or decrease our rates for a given type of room? How many customer groups, and what size groups, should we accept on a given day? How much should we charge walk-in customers? What should be the floor and ceiling for our rate range? Are the changes in demand and bookings likely to represent a short-term or long-term pattern – and, if the latter, what actions should we take response? To what extent should we discount negotiated rates? What should be our rack rates for the coming year? What discounts and promotions, and to what target customer segments, are likely to perform well right now and in the near-future? What discounts would likely dilute profits and should we therefore avoid? To what extent should we mark up our premium rooms, based the current and near-term demand patterns? What, if any, competitors’ price moves would likely affect these demand patterns and how should we respond should those possible moves become reality? Tip: Create a comprehensive list of anticipated pricing questions, many of which have probably already been batted around in the course of making pricing decisions, and verify that the solution will be able to address them in a relatively rapid, automated and straight-forward manner.
**Does the solution offer flexibility in reporting?** Not all queries can be anticipated. Some pricing questions may need to be investigated on an ad hoc basis. Hence the importance of flexibility in analysis and reporting. Out-of-the-box functionality may be insufficient to satisfy the needs of some of the more sophisticated revenue managers. Also, flexibility is important when it comes to setting pricing rules, flagging special events, changing customer segmentation schemes, etc. *Tip: Verify that the solution is flexible in terms of keys areas of functionality, including custom reporting, and validate all of the vendors’ claims.*

**What type of customer support is included?** Does the solution provider offer an assigned point of contact? How quickly will questions be answered and problems get resolved? It’s important to have a clear set of expectations around customer support and problem resolution as well as the training that may be needed to get up to speed. More than three-quarters (78%) of survey respondents agree that user training ranks as a key success factor in ensuring that a solution is utilized as effectively as possible. Does the solution provider or a certified subcontractor offer online or in-person training programs? *Tip: Make sure that resources will be available to resolve issues in a timely manner.*

**What is the solution provider’s track record for stability and reliability?** Reputation and customer satisfaction are important. Nobody wants to purchase and implement a Hospitality Revenue Management solution that falls short of expectations due to known shortcomings in stability, reliability or promised benefits. *Tip: Seek information about what performance issues may arise through conversations with existing clients, preferable ones that are similar in size and existing technology infrastructure.*
Chapter 4
Roadmap and Recommendations
The realm of Hospitality Revenue Management is advancing at lightning speed. To maintain competitive parity, the leading solution providers are investing heavily in R&D and running agile software development and release cycles. They are continuously enhancing core features and functionality, including processing power and pricing optimization capabilities. These next-generation solutions harness the power of big data. They calculate price sensitivity of customer demand and derive an analytical solution to competitive price effects, all the while delivering a positive user experience.

The Roadmap Diagram below illustrates the migration path of six key aspects. Many buyers may already have the data foundation in place as well as the right organizational structures, business processes and measurement discipline. For them, the biggest missing piece may be the technology.
Advances in demand forecasting and optimization technology, access to ever-growing volumes of data, and increases in processing power have ushered in a new era of Hospitality Revenue Management. Increasingly, it resides at the epicenter of strategic and tactical decision making across the organization. And with the discipline and practice having, in many cases, delivered impressive results in terms of RevPAR, it’s no wonder that hotels and resorts are looking to take their existing – and, currently, often modest – capabilities in this area to the next level. That means not only implementing the right technologies but also creating a revenue-maximizing culture. Following are a few recommendations to keep in mind as prospective buyers embark on the journey.

**Hire a revenue manager.** The role of the revenue manager is becoming increasingly important, no matter that pricing recommendations are becoming increasingly automated. According to various estimates, there are currently only about 10,000 hotel revenue managers worldwide. Some industry observers have made the case that, given their potential contribution level to company success, revenue managers deserve to be the highest paid employees, compensated at a level that is even higher than the general managers. The truth be told, the revenue manager and the general manager are oftentimes one and the same, particularly in smaller hotels with limited budgets. Indeed, many revenue decisions today are being made by general managers or owners who may have little or no formal training in the science of demand forecasting and price optimization.
Develop a revenue management strategy. A revenue management strategy is a blueprint for improving financial performance over a given period of time. The strategy should incorporate all of the revenue streams from across the lodging property as well as all of the revenue drivers across the organization, from the sales department to the online distribution channels. The strategy should be built upon a solid foundation of revenue goals, including targeted RevPAR. It should include a timeline with key milestones and spell out the tactics for achieving success. Ideally, it should help create cognitive alignment amongst all employees regarding the value of Hospitality Revenue Management.

Think in terms of Total Revenue Management. Until recently, most revenue optimization algorithms were developed to manage room price and nothing else. But next-generation Hospitality Revenue Management means also taking into account the ancillary spending that takes place in other parts of the lodging property, including restaurants, bars, conference centers, banquet rooms, golf courses, and various other revenue streams. The principals of yield management and pricing optimization are equally applicable in the context of these products and services, given the elasticity of customer demand. For larger, upscale hotels and resorts, these revenue sources typically account for one-quarter of total company revenue. Thinking in terms of Total Revenue Management and not just revenue management as it pertains to guest rooms can mean leaving less money on the table and significantly boosting top-line revenue growth.
Check client references. This final recommendation regarding the evaluation and selection of a Hospitality Revenue Management partner may seem obvious, but it nonetheless bears mentioning. No input may be more important to the buying decision than that which can be gleaned from existing clients, preferably lodging properties that share some commonalities in terms of size, typography and existing technology infrastructure. A solution provider or consultant may be willing to provide one or more client references. And some clients, particularly those operating in noncompetitive markets, may be willing to share their experiences and perhaps even disclose results in terms of percentage increases in revPAR, for example. Client testimonials and success stories can also be valuable sources of information.
Chapter 5

Inside Voices and Outside Voices
Revenue managers, hotel executives, managers, staff and others with first-hand experience in science of Hospitality Revenue Management have a lot to say about the topic. Following are a few perspectives gleaned from individuals who participated in the survey that produced the research included in this Smart Decision Guide.

Hotel revenue management isn’t an add-water-and-mix kind of thing. It’s not just about implementing the technology. You also need people who know how to crunch data and forecast demand and optimize pricing and drive more revenue and more profit.

Senior executive, full-service hotel

Revenue management isn’t easy. But getting it right can pay off in spades. Customization and flexibility are important. So is knowledge and experience. Revenue management is serious data and math and science.

Manager, full-service hotel

To win in this game, you need tools that take the guesswork out of demand forecasting. You need to know what your inventory is worth at all times, today and in the future.... You need to automate the pricing decisions as much as possible.

Senior executive, mid-size hotel

Rooms are only part of the story. Hotel restaurants, bars, catering, spas, golf, recreational activities and more are also now ripe for revenue management techniques. Hoteliers who take a holistic approach will reap the benefits.

Revenue manager, full-service hotel
Chapter 5

Outside Voices

Following are a few additional perspectives from industry observers, including practitioners and analysts, with insights into Hospitality Revenue Management.

At IHG, revenue management is becoming more integrated in the heart of our strategic decision making. The key insights generated from our state-of-the-art forecasting and pricing technologies are being used to drive decisions such as where to invest marketing dollars, how to position our Sales accounts, and how to optimize distribution.

Craig Eister, Senior Vice President, Global Revenue Management & Systems, InterContinental Hotels Group

Alongside revenue, we need to consider costs like operational expenses and the marketing and promotional efforts to get the guest into the hotel. The increasing number of channels – including the management of each and their relationship to each other – are important aspects for hotel operators to consider when setting a revenue management strategy and creating the organization to manage it effectively.

Michelle Woodley, Senior Vice President, Revenue Management, Preferred Hotel Group

Customer segmentation and rate fencing have become Table Stakes capabilities and should no longer be used to differentiate solutions. Instead focus on seamless integration with other systems to get the best fit for your requirements.

Info-Tech Research Group, Vendor Landscape: Revenue Management Systems

Assume that you’re going to the shopping mall and you pull into the parking lot and you’re looking for a place to park. You see a spot that’s pretty far from the mall and you say, “no, I don’t want to park there.” You drive around looking for a spot nearby. There aren’t any spots nearby. So you go back to that lousy spot at the beginning. Guess what? Somebody already parked there. That’s exactly what revenue management is about for hotels.

Sheryl Kimes, Professor of Operations Management, Cornell University School of Hotel Administration
In Q3 2014, Starfleet Media conducted an online survey, consisting of both multiple choice and open text questions, to capture the perspectives of industry practitioners with firsthand experience with Hospitality Revenue Management. Some of the research findings are highlighted in this publication. Following is some basic information about the 119 qualified survey respondents who participated.

<table>
<thead>
<tr>
<th>Job level / role of survey respondents</th>
<th>Staff (%)</th>
<th>Managers (%)</th>
<th>Senior executives (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49%</td>
<td>36%</td>
<td>15%</td>
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<table>
<thead>
<tr>
<th>Size / category of survey respondents’ hotel (or other lodging property) employers</th>
<th>Small hotels (including motels and bed &amp; breakfasts)</th>
<th>Midsize and limited service hotels</th>
<th>Large and full service hotels and resorts</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>13%</td>
<td>46%</td>
<td>41%</td>
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<table>
<thead>
<tr>
<th>Geographic location of survey respondents</th>
<th>North America</th>
<th>Europe</th>
<th>Other</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>69%</td>
<td>26%</td>
<td>5%</td>
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</table>
Duetto delivers dynamic, intelligent revenue strategy solutions to the world’s leading hotels and casinos, allowing them to maximize profits through superior, actionable data. Leveraging a cutting-edge cloud architecture, combined with a feature-rich product set, Duetto optimizes revenue opportunities and minimizes costs.

It is much more than just a technology, Duetto represents an entire philosophy built from the strong belief that there’s a different and better approach to revenue strategy for hotels. Duetto's systems are an extension of that philosophy, and deliver results across the entire hotel enterprise through a true software-as-a-service solution.

The company was founded by Wynn executives, Patrick Bosworth and Marco Benvenuti, along with former Salesforce.com Chief Technology Officer, Craig Weissman. Investors include Accel Partners, Battery Ventures, Trinity Ventures, Benchmark Capital, Lee Pillsbury and Marc Benioff.

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