



MASTERING REVENUE MANAGEMENT WITH A REDUCED WORKFORCE



Revenue Management has one mission: to sell the right room, to the right guest, at the right moment, at the right price, via the right distribution channel. These “Five Rights” underpin the most profitable Revenue Management strategies. Yet, today’s headwinds increasingly challenge that mission.

For better or worse, the “doing more with less” mantra has become a core skill set of today’s revenue managers. It’s imperative to be as efficient as possible with distribution, maximizing booking profitability while experimenting with new channels and pricing strategies that can further optimize revenues.

To master Revenue Management with a reduced workforce, several tactics ensure peak performance. From fully leveraging your technology and digging into the data to unearthing emerging segments, to finding workflow efficiencies and trying new pricing strategies, here are just a few of the ways that you can optimize revenues despite lower staffing levels.



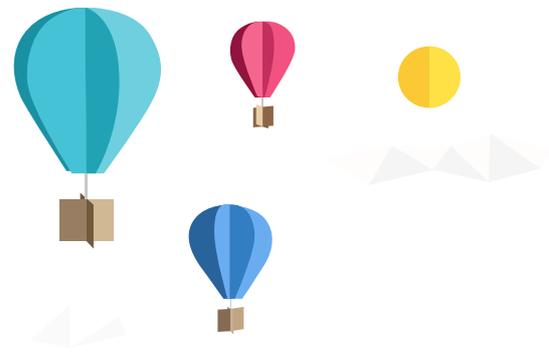
Integrate your hotel's technology

An honest appraisal of your tech stack is a must. With reduced staff, your technology's overarching objective is to deliver accurate guest intelligence in real-time, so you can act swiftly. This kind of transparent review ensures everyone has the tools they need to maximize outputs with minimal inputs.

The most efficient revenue strategies emerge from next-level automation, reporting, and forecasting. Meanwhile, the most successful revenue results from a strategic tech stack that turns real-time guest and market data into [accurate demand forecasts](#) - even in the face of wonky historical data. This means that revenue managers need a solution that addresses all of these considerations without requiring too much manual labor.

The right revenue technology powers a dynamic revenue strategy that adapts to real-time market conditions, automates manual tasks, and puts more time back in your corner. With the challenges of reduced team sizes during the pandemic, it's a game of devoting the most time possible to the highest-impact tasks. The sweet spot is building a tech stack that integrates well and works seamlessly to boost booking profitability, reduce manual data entry, and eliminate blind spots.





Avoid analysis paralysis

Revenue Management has always welcomed those with an analytical mindset. But there's a time to analyze and a time to act. In trying times, it's helpful sometimes just to make a decision and move forward. Momentum is a powerful ally in an uphill battle – especially in an environment where conditions change frequently.

Your focus impacts your productivity. Revenue Managers do a lot – and there's not always the time to analyze everything. The secret lies in creating the framework for setting and achieving goals:

State objectives

What are the objectives for a specific pricing strategy, channel campaign, or marketing initiative? State these upfront for clarity of purpose. All revenue management goals are related to revenues, but there are several other objectives which contribute to revenue management mastery.

Define success

What does success look like? Defining this in advance keeps you focused on the priorities and most impactful activities. The number of bookings may determine success from a target segment, booking profitability in a chosen channel, or even growth in loyalty, reputation, or guest satisfaction.

Choose metrics

How will you evaluate success? Without a clear understanding of which metrics define success, there's no objective measure of revenue management efforts. Identify metrics upfront, so you know if you've achieved what you set out to do.



Optimize for upsells

The lines between marketing and revenue have officially blurred. It's up to everyone to optimize each guest's total value by sending tailored offers and relevant communications. Use your Revenue Management savvy to ensure that all offers and upsells align with the overall revenue strategy and guest preferences.

There are two focus areas for upsell optimization:

Booking flow

Let your technology do the work for you! Your booking engine should have integrated upsells that customize based on all available guest data. For example, if a guest arrives at your website by clicking a link from one of your emails, your system should be able to present them with a custom offer. Or maybe the guest clicked through from a paid campaign; in that case, any upsells should reflect that data.

Pre-arrival communications

Pre-arrival emails can do more than just share reservation information; they can become revenue generators by suggesting upgrades and ancillaries based on each guest's unique "guestprint". Before the guest arrives, create custom communications that feature several upsell options based on that guest's defined interests.



Build segments in collaboration with marketing

When business is booming, it's like trawling an ocean full of fish. Your segments can be broad: business travelers, transient, leisure, and so on, each broken down by broad categories like country, age group or other cohorts.

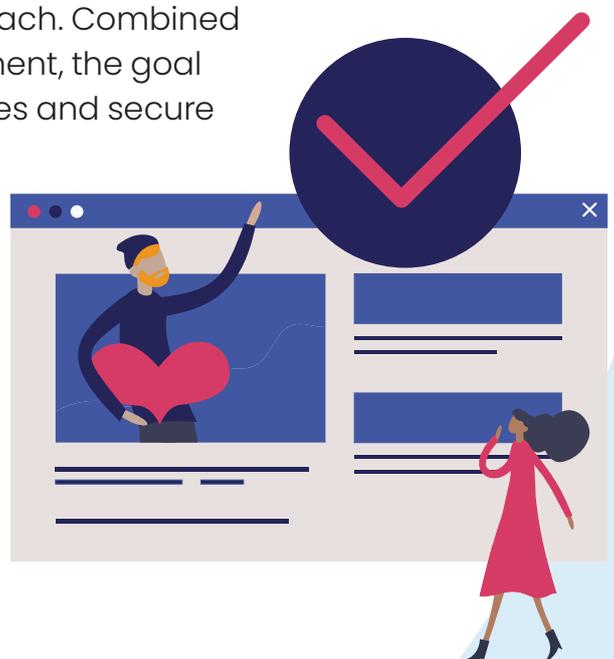
When demand gets lean, a new technique is needed: it's more surgical, with precise segments that are much more narrow than before. With business travel still depressed and many travelers choosing to stay closer to home, many hotels have pivoted to serve different segments.

Collaborate with marketing to refine guest profiles and build more focused segments based on CRM, booking engine, CRS, and other data sources. A few examples:

- Target followers of your competitors on social media with ads promoting a special rate
- Target guests who book services, such as spa and golf, but rarely or never stay overnight, with a pampering weekend package
- Target guests with a history of large on-property spend with attractive room rates, further segmented by interest (F&B, golf, etc.)
- Look at high school clubs and sports groups that may require traveling parents

As you build more focused segments, slice them in new ways to learn which ones respond best to your targeted approach. Combined with pricing intelligence from Revenue Management, the goal is to improve conversions, increase booking values and secure more profitable revenues.

More precise segments will also help you to yield by customer segment and/or distribution channel. The nuances of proper yielding are only visible when you have a firm grasp on your segments and can make micro-adjustments for each one, depending on channel, booking window, and other characteristics.



Introduce dynamic pricing

If your hotel isn't already experimenting with dynamic pricing, now is the time! Instead of "one size fits all pricing," use your guest intelligence and demand data to price rooms and ancillaries dynamically. The strategy reduces the risk of over- or underpricing and puts you in control of total profit optimization.

Adjust prices dynamically based on any combination of traits, such as the perceived value of the room type, demand for a specific service or ancillary, the guest's willingness to pay, guest profile (such as loyalty status and booking behavior), and/or real-time demand and availability. This allows you to make more informed yielding decisions to capitalize on every opportunity across your business and maximize top-line revenue.

Dynamic pricing is perfect for times of uncertainty, as it allows you to adjust your rates based on demand. The pricing flexibility maximizes yield when demand is high and encourages more price-sensitive travelers during slower periods. By monitoring supply and demand in real-time and adjusting prices on the fly, your rooms will be priced profitably - even while your team sleeps!





Maximize booking profitability

Another way to drive efficiencies is to increase the profitability of each booking. Lowering distribution costs boosts bottom-line profit, which is why there must be a concerted effort to maximize booking profitability through a savvy distribution strategy.

To measure your impact, the target metric is COPE, or Contribution to Operating Profit and Expenses. It's the revenue per booking that your hotel keeps after direct transaction fees. Since each channel has its unique cost structure, it must be tracked by channel. Certain costs are more direct, such as per-booking commissions. Others will need to be equally assigned across all bookings, such as loyalty incentives, marketing campaigns, and other loyalty-related costs. Broken down by channel, this metric provides a clear picture of distribution profitability.

One must-have tool to maximize booking profitability is a Revenue Management System (RMS) that saves time on manual processes, supports you with a powerful profit-optimization tool, eliminates guesswork and enables more informed science-based decisions.



Double down on loyalty

In this environment, loyalty becomes a crucial tactic to optimal revenue management. It's simply more profitable to get a booking from a past guest than a new one. And, with fewer guests coming from afar, there's a smaller addressable market. With a similar number of hotels fighting for a smaller pool, there's intense competition for bookings. Of course, you must continue to monitor your comp set's pricing strategies to maintain visibility into any relevant indicators for your rates. But ultimately, you don't have much control over what your comp set does — you can only control your approach to loyalty.

To gauge success, measure the incremental spend of each loyalty guest. In many cases, these guests spend more money on property and stay longer. Continually measure your loyal guests against transients to understand just how valuable these guests are, not just to your rooms revenue but your property's overall profitability. Then, codify that into a monthly measure that aligns revenue, marketing, and operations with increasing incremental revenues.





Build flexible, collaborative strategies

One of the defining features of the coronavirus era is how quickly things change. It's no longer sufficient to make assumptions based on last year's data or historical booking trends. Instead, real-time responsiveness is required to stay on top of the latest data.

To keep the entire organization aligned around your revenue strategy, work across departments. This cross-department collaboration keeps everyone moving in the same direction and ready to respond quickly to changing dynamics. You need to get the buy-in to your revenue strategy from everyone because all it takes is another department to void your efforts by running a promotion or building a group sales package that works against your revenue strategy.

As you build a strategic blueprint to guide your decisions, ensure that you include targets and key focus areas, especially when it comes to group business. With effective two-way communications backed by accurate real-time data, revenue management can empower group sales teams to take more responsibility and work more autonomously.



Bringing it all together

Revenue Management is a data-first discipline. With fewer staffing resources, it's all about leveraging the information at your fingertips so you can visualize data, build dashboards and encourage collaboration across departments. Be strategic and efficient with your revenue analytics to find opportunities that may not have been visible, such as room type and channel optimization, and identify new segments, geographies, or guest profiles.

From there, you can genuinely deliver an impactful revenue strategy that performs well despite smaller staffs. By playing smarter, not harder, revenue managers will find the best path forward in these turbulent times.



If you'd like to more information on ways to improve your hotel's Revenue Management strategy, contact us today at info@cendyn.com or

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