In these challenging economic times, it is typical for managers to focus on ways to save money by cutting labor hours, limiting supplies, foregoing preventive maintenance, skipping steps in the cleaning cycle—and destroying employee morale in the process. As an alternative, try growing your bottom line by reaping financial benefit from the rental of available nights. This will mean better conditions for your resort, a better experience for your guests, a dedicated staff, and an elevated bottom line.

The Internet offers significant opportunities to assist you in marketing your rental program. At minimum, you should be promoting the availability of rentals on your resort’s Web site. It is best to take the additional step of arranging a link to a booking engine directly from your site, so interested visitors can make their reservation immediately. The next step is to get listed on the major retail Internet travel sites, as well as on those used by travel agents (there are many companies that can help you set this up). Also, local companies and agencies that are associated with the travel industry can arrange reciprocal links from your site to theirs.

Your target is to maximize the yield from the unit rentals at your property. You will achieve this end by positioning your resort in the market and highlighting its distinctive features so you can rent the most units at a price that is as high as the market will allow.

The first and most important step in this process is gain a thorough understanding of your market and the level of potential demand for your resort units throughout the year. To make an accurate forecast of the demand for your property, you need to know the following four things:

1. How many unit nights can you make available for rent?
2. What is the market price for those unit nights?
3. Who is the customer?
4. On what days will you rent some or all units, at that price, to those customers?

That is how you begin the process to achieve the goal to maximize revenue and profits. To achieve your objectives, follow a five-step process called the yield management cycle:

1. Gather information;
2. Analyze that information;
3. Make a forecast of the business that will be coming to your property;
4. Establish standards and business controls aimed at getting results; and
5. Evaluate the effects of your plans, actions, and results.

Remember, this process is a cycle. It is continuous and should never end. The fifth step in the cycle—the evaluation of your actions and results—sends you back to gather more information, perform more analysis, further improve your forecasting, and more accurately assess the effectiveness of rental controls you have in place.

Steps 1 & 2: Information

Begin the cycle by gathering information. Focus on researching who has stayed with you in the past, and consider who will stay at your property in the future. What are the distinguishing characteristics of your market? Are you a seasonal resort? What is the history of the performance of the rental program at your property and at other lodging facilities in your market area? You can gather information in these main areas:

Current Status

What inventory is available on each particular day? The earlier you know what you have to sell, the more effective your strategy will be. If you are not always selling inventory that is owned by a single entity—in the case of an association renting owned weeks—can you accelerate the decision of individual unit owners to commit their inventory to you earlier? If your resort is allowed to rent “balance due” units, when are those units placed into your available inventory? Can you search out habitual no-pays? Be proactive. Get all available rental units identified as soon as possible.

Historical Occupancy

Search all historical rental activity for your resort. Locate the daily or weekly records of occupancy activity. How many units were occupied and on what days and at what rate (if rented) on those days?

Investigate the historical data for rental activity in your entire market area. Are there other properties in your area that would share their average rental rate and occupancy history with you? It never hurts to ask. If you are a resort in sales and you use local hotels for accommodations, see if you can leverage that relationship to get information that will provide a better understanding of the performance of your market. If you cannot find any property that will share, there is another way you can learn about performance in your market area. Smith Travel Research accumulates performance information from thousands of hotels and resorts. You can ask them for a Trend Report that will give you combined average daily rate and occupancy information for past years for properties you select within their...
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property universe. You will find a link to Smith Travel on ARDA's Web site, under the “Special Value-Added Benefits for ARDA Members” section.

Community Happenings
Search for festivals and events that take place at or near your market that would draw additional attention and tourism. What is the draw? Is the event consistent with the appeal of your resort and your facilities? Will the event attract an audience that will require overnight accommodations? Consider also that the different seasons of the year should be regarded as community events for your purposes. What effect do the seasons have on your resort? Are you in a ski market? A beach market? How is your market affected by the school calendar? When does Easter fall this year? With an improved understanding of the character of your location and the events that are happening, you can best assess their potential impact on the demand for your accommodations.

Competitive Analysis
Take an inventory of every property in your market selling overnight accommodations. Of that inventory, who is competing directly with what you are selling? Consider the attributes that will distinguish your property.

Reservation Pace
Finally, consider the pace at which the reservations have been made for stays at your resort in the past. What was reserved in advance and when? Knowledge of the history of your rental program’s advance reservation performance during different seasons or for particular recurring annual events will be most valuable in the future.

Step 3: Forecast
Armed with this information, you can make an analysis of future demand. It is essential to draw conclusions using your information to establish a future course. In this analysis, ask the following key questions: How many guests will want to stay at your resort? How long will they stay? What types of guests are they? How much will they pay? Will it be necessary to turn guests away, and if so, how many?

After analyzing all the pertinent data, you can forecast the number of rooms that will be occupied. You start with the count of rooms that are already rented, then add to that a forecast of the additional number of units that will be reserved prior to the occupancy date. In this forecasting, you will be projecting the actual day of arrival and length of stay for your guests. Once you have this forecast, you can develop strategies to maximize your revenue.

Step 4: Standards & Controls
In periods of low or no occupancy at your property but when your market is active and other properties are doing business, you need to gather more information. Know why you did not get your fair share. On the other hand, don’t wait until all of the units at your property have been reserved to take action to enhance your nightly rate. Can you get the properties in your competitive set to share nightly occupancy numbers? This is the kind of information you need to best position your program for success. For maximum effect, you should be checking your operations on a daily basis.

Implement minimum stay requirements in periods of excess demand. When demand is highest, so is the potential for profit. Your planning and forecasting will help you to anticipate these highest demand periods. Develop categories of rates and progressions to maximize average rate. Monitor your competition; make test calls to their reservations office to find what rates they are quoting and about their flexibility during certain periods. Make certain your reservations sources have all of the information they need about your policies, strategies, and operations and that they have proper training. Be sure your rates and occupancy policies are working.

Step 5: Evaluation
The final step in the yield management process is to evaluate the success of your plans and actions and most of all, your results. Are you a success or failure working the first four steps of the yield management cycle? Your goal is maximum yield. Are you accurately forecasting demand and controlling it to ensure that every unit at the resort earns as much money as possible? Remember the goal: position and distinguish your resort so you can rent the most units at a price that is as high as the market will allow. It is a preferred strategy in challenging times.

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