Revenue Management of the Future

Kurien Jacob
Highgate Hotels
And THIS is our totally computer automated robotic Office of Revenue Management!
What Revenue Management has to deal with Today

- Huge Amounts of Data and Information Available
- Data is across various sources
- Complex Distribution and fragmented
- Emergence of new buying behavior and trends
- Social Space
Forecasting a 66% occupancy

Forecasting a 100% occupancy

Property Level Data
Compset pricing, pick-up, forecasts, etc

Occupancy Percentage Vs Sell Rate
for 06/12/2011

Where Opportunity ROCs!
Comprehensive Flight Data

Arrivals history

This page shows the final/definitive arrivals during the last years and includes splits by origin markets, cabins, length of stay, pax per booking, lead time, and distribution channels. Results are sorted by arrival date (horizontal axis of the graphs). You may select an area to zoom in and slide the line charts below. Results/graphs are limited to 15 source markets.

People coming from All found source markets arriving at NYC, by Source Markets

Graph

- NP - North Africa
- TH - South East Asia
- CA - Central America
- SP - Sub-Saharan Africa
- ME - Middle East
- OC - Oceania
- IN - South Asia
- EE - Central/Eastern Europe
- CH - North-East Asia
- CB - Caribbean
- SA - South America
- SE - Southern Europe
- NE - Northern Europe
- WE - Western Europe
- NA - North America
Detailed E-Commerce Analytics

Visitors Overview

<table>
<thead>
<tr>
<th>Date</th>
<th>Visitors</th>
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<tbody>
<tr>
<td>Oct 4</td>
<td>2,000</td>
</tr>
<tr>
<td>Oct 11</td>
<td>1,000</td>
</tr>
<tr>
<td>Oct 18</td>
<td>2,000</td>
</tr>
<tr>
<td>Oct 25</td>
<td>1,000</td>
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</table>

Visitors: 20,543

Traffic Sources Overview

- Search Engines: 14,149.00 (54.18%)
- Referring Sites: 7,486.00 (28.67%)
- Direct Traffic: 4,477.00 (17.14%)
- Other: 2 (0.01%)

Map Overlay

Languages

<table>
<thead>
<tr>
<th>Language</th>
<th>Visits</th>
<th>% visits</th>
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<tbody>
<tr>
<td>en-us</td>
<td>15,470</td>
<td>59.24%</td>
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<tr>
<td>pt-br</td>
<td>1,800</td>
<td>6.89%</td>
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<tr>
<td>es</td>
<td>1,657</td>
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<td>de</td>
<td>1,191</td>
<td>4.56%</td>
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<tr>
<td>en-gb</td>
<td>875</td>
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More Detailed E-Commerce Analytics

<table>
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<tr>
<th>Country/Territory</th>
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<th>Pages/Visit</th>
<th>Avg. Time on Site</th>
<th>% New Visits</th>
<th>Bounce Rate</th>
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<td>36.54%</td>
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<td>Brazil</td>
<td>2,169</td>
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<td>33.79%</td>
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<td>Ireland</td>
<td>942</td>
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<td>32.20%</td>
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<tr>
<td>Italy</td>
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### Even More Detailed E-Commerce Analytics

#### Technical Profile

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<td>Internet Explorer</td>
<td>16,483</td>
<td>63.12%</td>
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<td>Firefox</td>
<td>4,309</td>
<td>16.50%</td>
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<td>Safari</td>
<td>3,418</td>
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<td>Chrome</td>
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<td>Opera</td>
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<table>
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<th>Connection Speed</th>
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<td>Unknown</td>
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<td>DSL</td>
<td>8,181</td>
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<td>Cable</td>
<td>5,880</td>
<td>22.52%</td>
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<td>T1</td>
<td>2,816</td>
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<td>Dialup</td>
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<td>2.09%</td>
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#### Screen Resolutions

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<td>1024x768</td>
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<td>1280x1024</td>
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<td>1440x900</td>
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<tr>
<td>1366x768</td>
<td>1,890</td>
<td>7.24%</td>
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#### Browsers and OS

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<th>% visits</th>
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<tr>
<td>Firefox / Windows</td>
<td>3,457</td>
<td>13.24%</td>
</tr>
<tr>
<td>Safari / Macintosh</td>
<td>2,611</td>
<td>10.00%</td>
</tr>
<tr>
<td>Chrome / Windows</td>
<td>1,543</td>
<td>5.91%</td>
</tr>
<tr>
<td>Firefox / Macintosh</td>
<td>797</td>
<td>3.05%</td>
</tr>
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</table>
Detailed Booking Level Data

- **Search page:** 20,222
  - (entrance) 20,213
  - resp/pr/Search 5
  - resp/pr/Availability 4
  - exit 5
  - resp/pr/Search 3,192
  - resp/pr/Availability 1,915
  - resp/pr/Availability 2

- **Availability page:** 15,435
  - (entrance) 320
  - resp/pr/Search 3
  - resp/pr/Availability 1
  - exit 11,082
  - resp/pr/Search 6,284
  - resp/pr/Details 3,622
  - resp/pr/Availability 1,196

- **Details page:** 4,459
  - (entrance) 105
  - resp/pr/Availability 1
  - exit 1,443
  - resp/pr/Details 114
  - resp/pr/Search 16
  - resp/pr/Availability 2

- **Payment page:** 1,452
  - (entrance) 9
  - exit 219
  - resp/pr/Details 120
  - resp/pr/Search 87
  - resp/pr/Search 14
  - resp/pr/Availability 10

- **Make Booking:** 1,253
  - (entrance) 20
  - exit 20
  - 6.06% funnel conversion rate
• Now combine this along with Data from
  – Hotelligence Reports
  – STR Data
  – Social Media Reports
  – Google Insights
  – OTA Positioning Report
  – Hotel and Compset Online Review Ratings
  – Chatter on Hotel terms

AND Add

• Complex Distribution Management
Hotel User

Wholesalers
Hotelbeds, Tourico, GTA, Allied T-Pro, etc.

Internet Website Merchant:
Expedia, Travelocity, Orbitz, etc.

PMS

Customer

Extranet I
Extranet II
Extranet III
Extranet IV

Hotel Web Booking Engine

Internet

Private Label Call Center

Customer

Switch

GDS
(Corporate Travel)

SABRE
Apollo
Amadeus
Worldspan

Travel Agent

Customer

Distribution Map
Chart Legend

Rates & Availability Published

Where Opportunity ROCs!
Revenue Management – 5 Years from Now

- Current Distribution Platforms
- Emergence of closed loop and Private sales through Groupon, Living Social, SniqueAway, Jetsetter etc
- Google Places and convergence into a shopping Tool
- Wholesalers selling rooms to mom and pop websites across the world
- Small Group Sales to take place online
- Specialty websites that focus on travel preferences
- Mobile bookings growing to around 10% of the business
- Robots taking reservation phone calls
- “Hotelville” or “experiencing hotels online”
Roles and Responsibilities in RM

• The RM of the future should be analytical, marketing oriented, tech savvy, great communicator, negotiator and with a great attitude

• Grasp and fully understand the online and mobile space – Make it your business to learn

• Understand the profitability of every channel and understand the inter-connectivity effect of every channel

• Sales could be the most profitable channel for a hotel but it could also be the most costly. Ensure the rules are the same for both external and internal channels
Thank you
Revenue Management of the Future

Ken Gifford
Kerzner International Resorts
Revenue Management of the Future

• Sales Key Results
  • Group
    – Integration of sales and catering with RM systems for better analysis of potential groups
    – Understanding of group win/loss ratios to improve pricing
      » Further integration of leads into sales systems
    – Competitive data to improve intelligence for pricing decisions
### Meeting Profiles

**Wynn Resort**
- Initial Proposal: Proposal Received
- Price Challenge: Blind Fide
- Room Rates per Person:
  - Min. Guarantee: 1,500
  - Min. Guarantee: 5,000
- Meeting Rates per Person:
- Food and Beverage per Person:
- Comp Rooms per Person:
- Discounts per Person:
- Effective Per Person:
- Overall Total:

**Atlantis, Paradise Island Royal Towers**
- Initial Proposal: Proposal Received
- Price Challenge: Fide Fide
- Room Rates per Person:
- Meeting Rates per Person:
- Food and Beverage per Person:
- Comp Rooms per Person:
- Discounts per Person:
- Effective Per Person:
- Overall Total:

**Venetian**
- Initial Proposal: Insufficient availability for group
- Price Challenge: No availability

**Mandalay Bay**
- Initial Proposal: Insufficient availability for group
- Price Challenge: No availability

**El Conquistador (Puerto Rico)**
- Initial Proposal: Proposal Received
- Price Challenge: Blind Fide
- Room Rates per Person:
- Meeting Rates per Person:
- Food and Beverage per Person:
- Comp Rooms per Person:
- Discounts per Person:
- Effective Per Person:
- Overall Total:

**Boca Raton Resort**
- Initial Proposal: Proposal Received
- Price Challenge: Blind Fide
- Room Rates per Person:
- Meeting Rates per Person:
- Food and Beverage per Person:
- Comp Rooms per Person:
- Discounts per Person:
- Effective Per Person:
- Overall Total:

**Wacxin Diplomat**
- Initial Proposal: Proposal Received
- Price Challenge: Blind Fide
- Room Rates per Person:
- Meeting Rates per Person:
- Food and Beverage per Person:
- Comp Rooms per Person:
- Discounts per Person:
- Effective Per Person:
- Overall Total:

**Fontainebleau Miami**
- Initial Proposal: Proposal Received
- Price Challenge: Blind Fide
- Room Rates per Person:
- Meeting Rates per Person:
- Food and Beverage per Person:
- Comp Rooms per Person:
- Discounts per Person:
- Effective Per Person:
- Overall Total:
### Transient Competitive data in RMS

<table>
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<tr>
<th>Inventory Date</th>
<th>Market Rate</th>
<th>BELL (20.00 %) Bellagio Las Vegas</th>
<th>RICAY (20.00 %) Ritz Carlton Cayman Islands</th>
<th>RIMON (20.00 %) Ritz Carlton Montego Bay</th>
<th>VENET (20.00 %) Venetian Las Vegas</th>
<th>WYNLV (20.00 %) Wynn Las Vegas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sat 06/18/2011</td>
<td>222</td>
<td>209</td>
<td>299</td>
<td>189</td>
<td>189</td>
<td>224</td>
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<td>149</td>
<td>299</td>
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</table>
Revenue Management of the Future

• Sales Key Results
  • Incorporation of search and booking information as an additional input to extrapolate unconstrained demand
  • Understanding incented and un-incented demand for more efficient use of marketing dollars and forecast modeling
    – Refinement of segmentation to capture incented business
  • Systematically cluster revenue manage multiple sister properties at same location creating optimal demand for the location/destination
Revenue Management of the Future

Incorporation of ancillary revenues into optimization of demand managing total revenue per occupied room (TotalPar)

- Marginal value by defined segments improves profit performance
  - Rooms
  - Casino Value
    - Average daily Theoretical
  - Food & beverage
  - Retail

Optimized Profit
Revenue Management of the Future

• Key Results for Revenue Management
  • Operations
    – Better forecast makes for efficient operations
    – Changing segment mix for optimal profit performance and operational efficiencies
    – Improve customer satisfaction through pricing
    – Improved customer service through better forecasting for labor demand
    – More efficient use of marketing funds
  • Owners
    – Improved revenue results in improved shareholder value
    – Win hotel management contract opportunities through demonstrated results
Thank you
The Future of Revenue Management

Paul Wood
Greenwood Hospitality Group
The Future of Revenue Management

The disciplines of sales, marketing, distribution and revenue management are converging.
The Future of Revenue Management

Revenue Generating Department’s Converging with Revenue Management.

• Distribution Management
• Sales
• Operations
• E-Commerce
The Future of Revenue Management

Distribution Management

- For both branded and non-branded hotels alike, most have separate entities for non-hotel level GDS integration, distribution, and mapping.
- National and Local accounts are all loaded through a centralized source.
The Future of Revenue Management

RM Test Books the account informs the Sales Manager

Future Process for RM to Distribution Management

RM Loads in the Integrated PMS/CRS System that maps to the CRS/GDS/Booking Engine

Sales Contacts Client

Client Agrees to Terms and Contracts

Sales Delivers Information to Revenue Management

Distribution Management available for Help
The Future of Revenue Management

Sales

• Many major Branded entities are moving toward cluster sales departments.
• Smaller Boutique Hotels and Independents with lower group contribution will depart with the advent of new technology.
• Larger Hotels will no longer need a truly dedicated Director of Sales.
The Future of Revenue Management

Director of Sales and Marketing functions and duties

• Hotel and Market Place Marketing.
• Direct Group Forecast and Pace.
• Specify Group Segmentation or areas of Sales Manager involvement.
• Quote rates and group parameters.
• Set Allowances of group targets, floor and ceiling inventory.
• Local and National relationships.
The Future of Revenue Management

Director of Revenue Management functions and duties

- Hotel and Market place Marketing (Primarily E-commerce Driven)
- Direct Group Forecast and Pace.
- Specify areas of Group Segmentation or areas of Sales Manager involvement.
- Quote rates and group parameters.
- Set Allowances of group targets, floor and ceiling inventory.
- Local and National relationships.
The Future of Revenue Management

Director of Revenue Management

Senior Sales Manager
(Manages Sales Managers)

Business Transient SM

Group SM

Catering SM
The Future of Revenue Management Operations

• Most experienced Revenue Management Professionals come from an Operational Background.
• There will continue to be heavy profit optimization involvement from Revenue Management which will include reservations oversight, Room type sell policies and upgrade or feature sales.
The Future of Revenue Management

E-Commerce

- The Revenue Management Skill set will continue to evolve into more e-commerce programs and coding.
- Revenue Management already deploys e-commerce marketing programs at most Hotels.
- Revenue Management tracks production, bounce rates and conversions currently from many sources.
- Revenue Management will require third party e-commerce solutions less than is currently required.
The Future of Revenue Management

What does it take to remain relevant and successful in the Future as a Revenue Management Professional?

• Self educate
• Create the Right Culture
• Take Charge
• Be Adaptable
• Be Vigilant
The Future of Revenue Management

What does a successful Hospitality Company do to remain Relevant in the Industry for the future.

• Make an investment in Revenue Management/Profit Optimization.
• Make an investment in the right kind of technology.
• Make an investment in the right people.
• Create a Revenue Management Culture that allows a top line and profitability base line of empowerment.
• Allow the right people to have the right resources to accomplish the function correctly, efficiently and effectively.
• Structure the Hotels Hierarchy in way that Top line performance is key.
Thank you