

Revenue Management

Your guide to success

In association with

L19 | Hospitality
Management





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It's an exciting time to be a Revenue Manager. We are seeing more disruption and innovation in this space than we have for some time - and there are plenty of opportunities for the savvy Revenue Manager to break from tradition and take an integrated, data-driven approach to the role.

In this report, L19 Hospitality Management give us their take on Revenue Management in 2018: what you need, what to avoid, and how to avoid the dreaded 'data overload'.

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What does a successful Revenue Management strategy look like?

Cohesive • Forward-looking • Realistic

It's all too common to see Revenue Managers focusing more on data collection than on **making useful decisions**. Sometimes they can be too concerned with 'looking busy' to their management teams - so they spend time producing long documents that don't really mean anything to anyone.

A successful Revenue Management strategy has to be about **looking forward**, taking lessons you've learned and applying them to your plans for the future. Furthermore, it's easy for Revenue Managers to feel isolated within their organization, so buy-in from all levels is hugely important.

Any cohesive strategy should be **100% bought into** by the whole team.

Jonathan Parker
Director
L19 Management





Should I invest in a Revenue Management System?



It all depends on the size of your property or group of properties.

Smaller properties may not see the benefit of the investment.

For larger properties and groups, an RMS can be pivotal to a successful strategy.



It's important to be clear on what you want the system to do for you.

People often blur the line between an RMS and a Business Intelligence system, but they're very different things.

You need to be sure about what you're looking for. You don't want to spend money on a system and never use it.



There's no 'one' approach to using an RMS. It depends on the nature of your group and what you want to achieve.

Whatever system you use, it needs to be designed and built with a strategy in mind.

Invest the time in configuring it to your organization and joining up the dots with your other systems.



What are the benefits & challenges of revenue management...

... at a group?



There's always an element of support within a group. If one or two properties out of six aren't performing, you have the scale to support those properties. There are general economies of scale - for example, you have far more buying power in terms of distribution and its associated costs.

Groups of maybe six, eight hotels or above can really start to take advantage of Revenue Management consultancy, getting the expertise they need without the onerous cost attached to full-time resource.

... at an independent?

You can take a leaner approach as an independent, and there's often the room to be slightly more flexible. It can be easier to personalize your product and differentiate your offering from the rest of the market.

Technology has become much easier and cheaper to access in recent years, so that isn't the barrier that it used to be. However, when you're on your own, budgets are always going to be that much tighter.



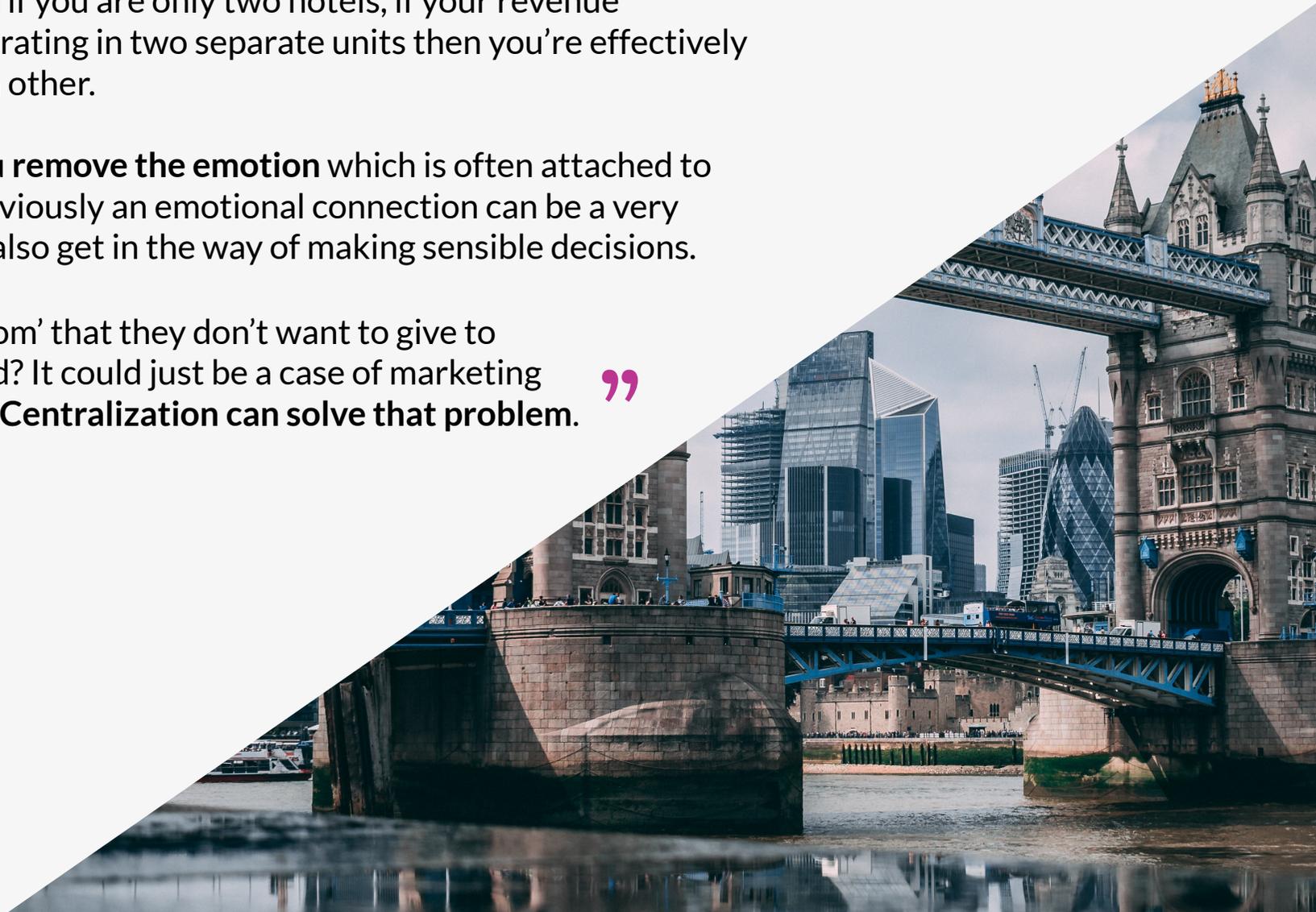


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We fundamentally believe that a level of centralization is the way forward for any hotel group. Even if you are only two hotels, if your revenue management team is operating in two separate units then you're effectively **in competition** with each other.

When you centralize, you **remove the emotion** which is often attached to individual properties. Obviously an emotional connection can be a very positive thing, but it can also get in the way of making sensible decisions.

Every hotel has a 'bad room' that they don't want to give to people. But is it really bad? It could just be a case of marketing and pricing it differently. **Centralization can solve that problem.** ”





How to avoid **data overload**

1. Find out what your stakeholders really want to know

The vast majority of the time, management boards just want to see concise, clear, correct information about the group's performance and projected results. You see Revenue Managers producing 50-page documents and you just think, "who is that for?"

Determine the two or three things that **really matter** to your business and focus your efforts on organizing your data in a way that allows you to track those metrics. You don't need 50 charts where five will do.

2. Focus on your process

Are there areas you can automate? Is there technology available and within your budget that would enable you to streamline parts of your operation?

Often revenue managers can feel that they just don't have the time to get their head out of the day-to-day and investigate what's out there in terms of new solutions. There's a lot of tech out there, though, that could save you a lot of time in the long run. Making time for that kind of research is important.



How close should the relationship be between Revenue, Marketing and Digital?



It's incredibly important that these three departments are working together. There needs to be overlap and open dialogue.

Marketing and Revenue have traditionally worked in parallel but without overlapping. These departments need to be coming together every week.

When you're looking at resourcing, there needs to be equal weight applied to these roles. Some more forward-thinking hotels that we've seen are hiring 'Commercial Directors' that oversee all three departments.

You've got to look at your resource setup and reporting structure and try to understand if it's actually working to have people in such silos.

You do need some fairly radical thinking sometimes. Some reporting structures are just fundamentally broken.

Everything should start with the need of the business. Commerciality needs to ring through the organization.



Case study:

Cohesive centralization in action

L19's longest client relationship is with **Luxury Family Hotels**, who were also one of the first hotel groups to adopt Triptease's **Price Check** widget when it first launched.

In this section, L19's Director Jonathan Parker takes us through the process of planning, implementing and optimizing a successful Revenue Management and wider business strategy across this group of hotels.





Case study:

Cohesive centralization in action

When I started working with Luxury Family, the group consisted of eight hotels run as individual properties with very little overlap and not much cohesion. The only thing running through the group was the brand, and even that wasn't always evident.

Our key actions at the beginning of the process were **centralization of Revenue Management** and taking a **helicopter view** of pricing across the whole group.

The next step was to open a central reservations office where bookings could be taken for properties across the portfolio. The key objective there was to promote cross-selling.

Whereas before we would only get guests calling up and telling us exactly what they already knew they wanted, now we get people phoning up and asking, “**where can we go?**”. Multi-property reservations allows you to open up some very different conversations.

There's a bit of a myth in the industry that central reservations teams don't 'know' the properties they're selling. That's **definitely not true** in this case. Everyone visits each property at least three times year and is extremely knowledgeable about the product. Central marketing strategies were soon working hand in hand with the new reservations team.





If you have a central reservations office, the team in place there can do **a lot more than just reservations**. You can centralize revenue, credit control, spa management, website management, elements of digital marketing. You end up with a completely **multi-skilled resource** - and by stripping out administration from the properties, they're left with much more time to give guests a great experience.

I think the world 'centralization' can put people off this kind of strategy. It's never about taking away the **individual personality** from each property. All you're doing is taking on the core running of the hotel business and the commerciality that goes with that.

You're also able to create a level of stability at each property. Resourcing is a really big challenge in this industry - sometimes, you see one key person leave a hotel and everything stops running overnight. With a centralized office, you have the resource there to keep things moving.





Case study:

L19 and Triptease

Having been an early adopter of Triptease's **Price Check** from his time at Luxury Family Hotels, Jonathan Parker is familiar with the value of a **Direct Booking Platform** to small hotel groups.

"We have been supportive of Triptease's product from day 1," Jonathan says. "We saw great results with Price Check, and since then have continued to be successful with subsequent additions to the platform: **Message Porter**, **Front Desk**, and **Insights**."

"The Front Desk live chat provides a genuinely personal way to connect with potential guests on the hotel website. In the past, live chat has had a tendency to be very bland and corporate. With Front Desk, we can match the level of **personal service** to what guests expect from our brand."

Fowey Hall Hotel

Speak directly to our team



Welcome to Fowey Hall Hotel. Check our latest availability [here](#)
Our Live Chat team are available 9am to 7pm Monday to Friday (excluding Bank Holidays).



Type a message...



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