Part 1: Fundamentals to Revenue Management
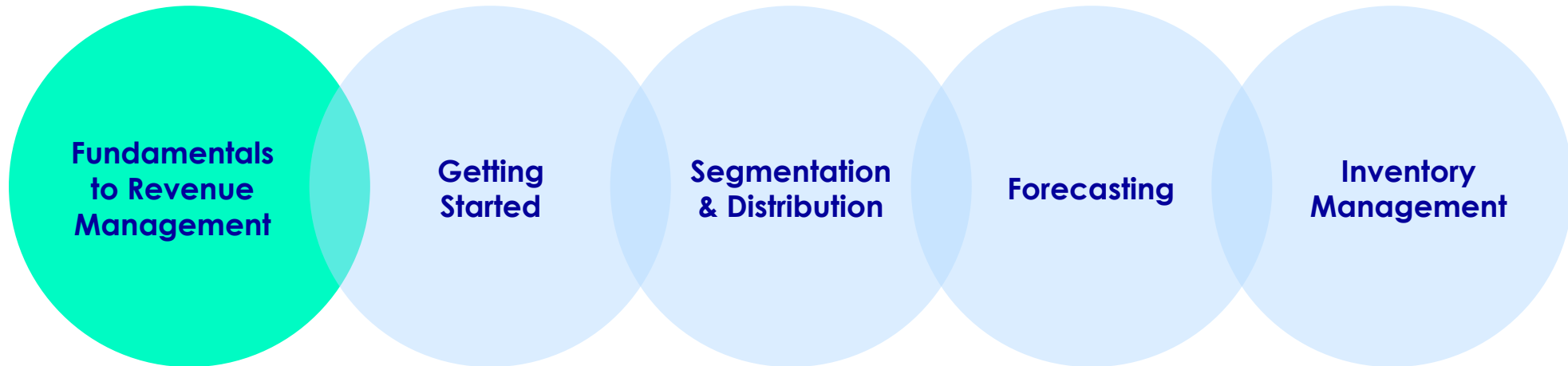
Revenue Management Foundations for any Lodging Property

expedia group
Academy

Expedia · Hotels.com · Vrbo · travelocity · EGENCIA · hotwire · ORBITZ · ebookers · CheapTickets · CarRentals.com · Expedia Cruises · wotif · trivago

Revenue Foundations for any Lodging Property

Fundamentals to Revenue Management

Getting Started

Segmentation & Distribution

Forecasting

Inventory Management

- Importance of revenue management
- Fundamentals
- Key terminology
- Overcoming challenges

- Foundations for success
- Assessing your business
- Monitoring performance
- Key activities
- Revenue culture

- Understanding who your guests are
- Understanding how and where your guests are booking
- Analyzing the data and getting started

- Importance of forecasting
- Creating a forecast
- Measuring & adjusting
- Communicating

- Optimizing your revenue with the right tactics
- Pricing your inventory

Revenue Management

(not rocket science)

- Introduction to the Revenue Management discipline

- Simple ideas which any property can implement

- Increase your revenues

The Role of the Revenue Manager

Segmentation

Inventory Management

Demand Forecasting

Performance Reporting

Trends

Technology

Competitive Intelligence

Revenue Culture

Dynamic Pricing

REVENUE MANAGER Only Because... FULL TIME MULTITASKING NINJA IS NOT AN ACTUAL JOB TITLE

The Perishable Product

- Room

- Guest/ Customer

- Price

- Time

- Channel

- Cost Efficiency

Building Blocks of a Revenue Management Strategy

Market Segmentation

Categorize your travelers based on common characteristics

Distribution
How you reach your target segments

Inventory Management
Make decisions to optimize your perishable inventory

Competitive Set
Track the pricing behaviors and performance of competitors

The Data Driven Approach

Person & Machine (not Person vs. Machine)

- Only 15% of properties are using revenue management technology (Skift, April 2019)

- Why should you use revenue management technology?

  - Higher efficiency
  - Better, informed decisions
  - Optimise revenues

Key Terminology

The most common metrics to look at…

- Occupancy

- Average Daily Rate (=ADR)

- RevPAR (=Revenue Per Available Room)

- Profitability

Overcoming Challenges

What is stopping you from implementing revenue management tactics and strategies?

- **Time Commitment**

- **Systems & Technology**

- **Data**

- **Team/ Staffing**

- **Skills**

- **Colleagues & Management**

Revenue Management Foundations for any Lodging Property

Fundamentals to Revenue Management

- Importance of revenue management
- Understand the fundamentals and take a data driven approach
- Key Terminology
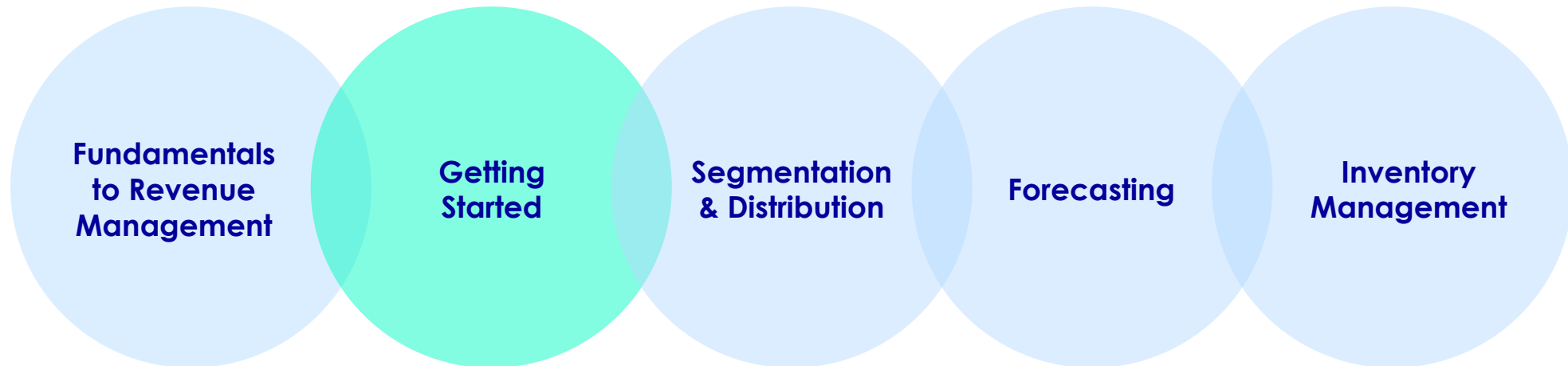- Overcome the challenges
- Stay committed

expedia
group™

Part 2: Getting Started

Revenue Management Foundations for any Lodging Property

expedia group
Academy

Expedia | Hotels.com™ | Vrbo® | travelocity® | EGENCIA® | hotwire® | ORBITZ | ebookers | CheapTickets | CarRentals.com | Expedia Cruises | wotif. | trivago

Revenue Foundations for any Lodging Property

Fundamentals to Revenue Management

Getting Started

Segmentation & Distribution

Forecasting

Inventory Management

- Importance of revenue management
- Fundamentals
- Key Terminology
- Overcoming challenges

- Foundations for success
- Assessing your business
- Monitoring performance
- Key activities
- Revenue culture

- Understanding who your guests are
- Understanding how and where your guests are booking
- Analyzing the data and getting started

- Importance of forecasting
- Creating a forecast
- Measuring & adjusting
- Communicating

- Optimizing your revenue with the right tactics
- Pricing your inventory

Foundations for success

- Get organized

- Configure systems

- Track performance

- Set goals

Assess your business

- Value proposition

- Define challenges

- Identify opportunities

Monitor progress

- Collect relevant data

- Track daily, weekly, monthly changes (Pickup)

- Compare actuals vs. forecast/ budget (Pace)

- Stay organized!

Key activities – maintain consistency

- Make it a habit

- Share with stakeholders

- Take action

Revenue Meeting Agenda

- Booking Pickup
- Booking Pace
- Forecast update
- Competitive rates
- Challenges & Opportunities

Photo Source: Getty Images

Create a revenue culture

- Share goals & results

- Revenue meetings

- Cross-functional collaboration

- Celebrate success

Revenue Management Foundations for any Lodging Property

Getting Started

- Set-up the foundations for success
- Assess your business
- Monitor your performance
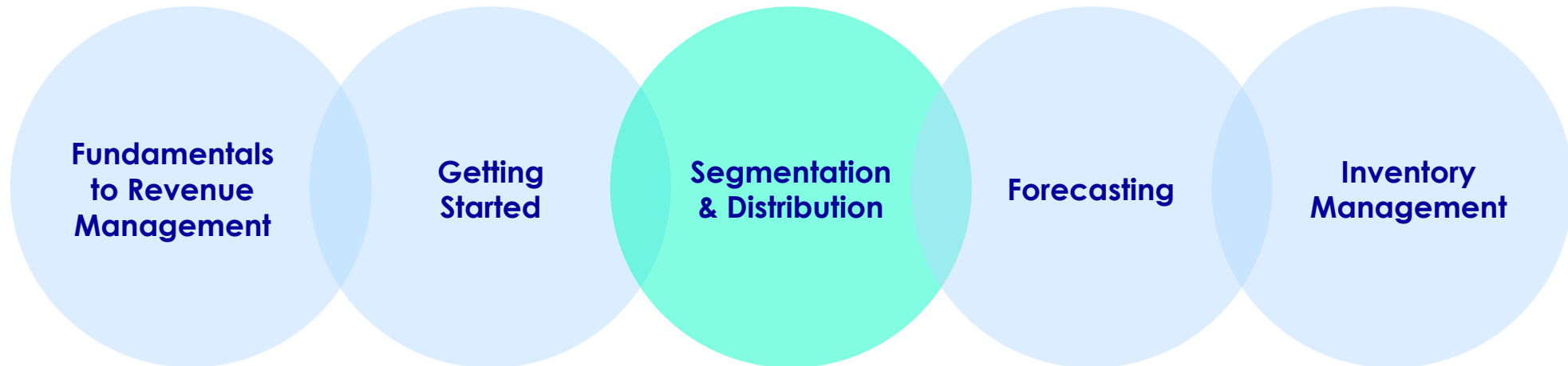- Take action routinely
- Create a revenue culture

expedia
group™

Part 3: Segmentation & Distribution

Revenue Management Foundations for any Lodging Property

expedia group
Academy

Expedia   Hotels.com   Vrbo   travelocity   EGENCIA   hotwire   ORBITZ   ebookers   CheapTickets   CarRentals.com   Expedia Cruises   wotif   trivago

Revenue Foundations for any Lodging Property

Fundamentals to Revenue Management

- Importance of revenue management
- Fundamentals
- Key terminology
- Overcoming challenges

Getting Started

- Foundations for success
- Assessing your business
- Monitoring performance
- Key activities
- Revenue culture

Segmentation & Distribution

- Understanding who your guests are
- Understanding how and where your guests are booking
- Analyzing the data and getting started

Forecasting

- Importance of forecasting
- Creating a forecast
- Measuring & adjusting
- Communicating

Inventory Management

- Optimizing your revenue with the right tactics
- Pricing your inventory

Key Traveler Segments

Who are your guests?

- Individual (leisure vs. business)

- Group (leisure vs. business)

- Wholesale/ Tour Operators

- Conference/ Event

- Airline/ Crew

Previous Segmentation

Segment	Room Nights	Average Rate	Revenue
Individual Leisure	125	200	25'000
Individual Business	350	130	45'500
Group Leisure	650	85	55'250
Group Business	200	110	22'000
Total	**1'325**	**112**	**147'750**
Occupancy	**95%**		

Improved Segmentation

| Segment	Room Nights	Average Rate	Revenue
Individual Leisure	245	185	45'325
Individual Business	350	130	45'500
Group Leisure	450	85	38'250
Group Business	200	110	22'000
Total	**1'245**	**121**	**151'075**
Occupancy	**89%**		

Increase
Decrease

Key Distribution Channels

How did the booking reach you?
What is the share per channel?

- Direct (email, phone, walk-in, re-booked at check-out)

- Homepage (desktop, mobile, tablet)

- OTA (Online Travel Agency)

- Wholesale

- GDS (Global Distribution System)

- Travel Agent

- Internal (via Sales & Marketing/ GM/ Owner)

- Other

Segments & Distribution Channels

Analysing the data…

- Share and value of segments & channels

- Go where the value is, while ensuring a healthy mix

- Understand the patterns

- Optimise performance

- Carry out channel maintenance
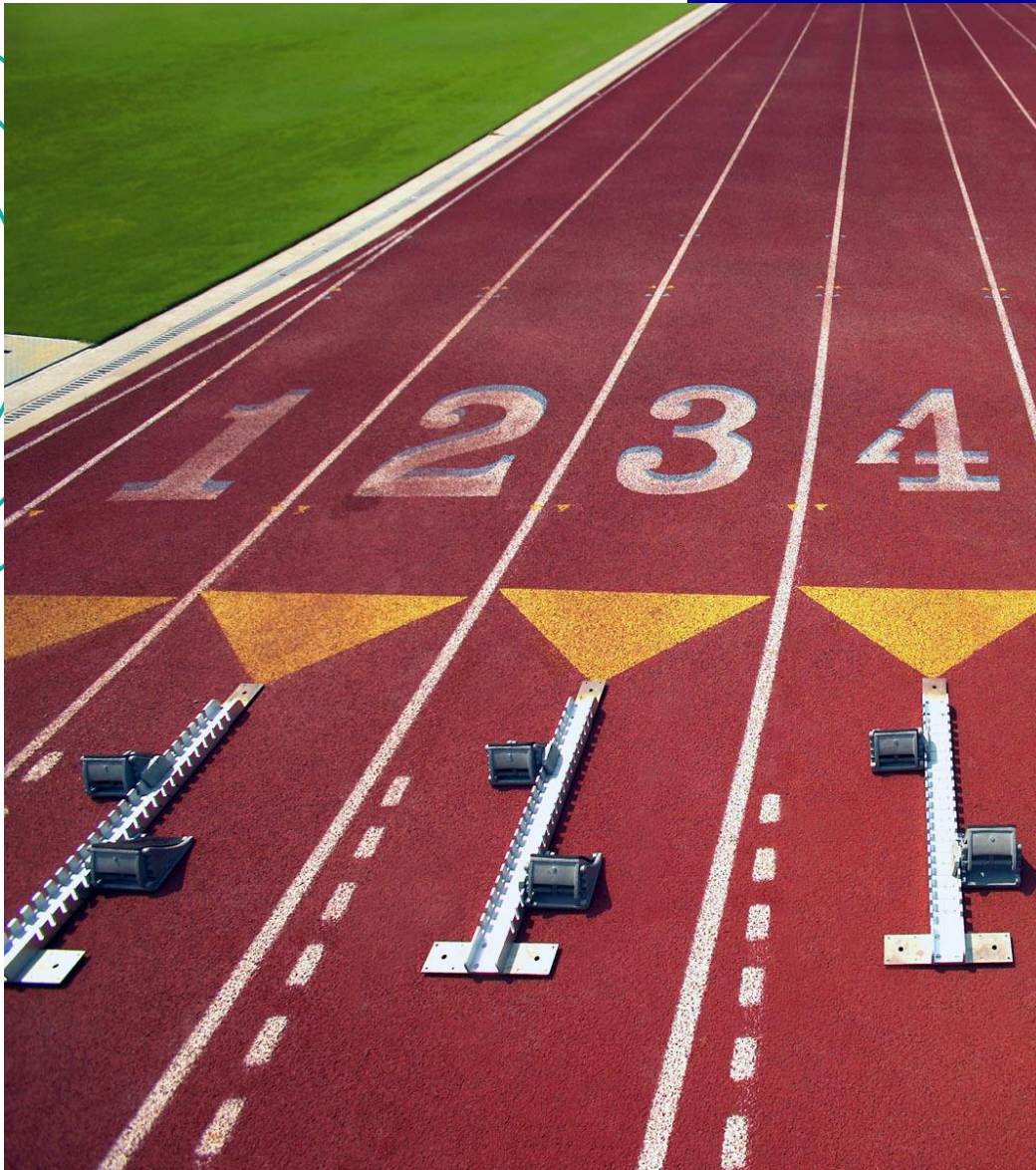
Getting started...

Segmentation & Distribution at your property

- Ensure tracking

- Analyze behaviors
  - When are they travelling?
  - How are they booking?

- The right business mix

- Attract the right guests

Revenue Management Foundations for any Lodging Property

Segmentation & Distribution

- Understand who your guests are
- Understand how your guests book
- Analyze your data and behaviors
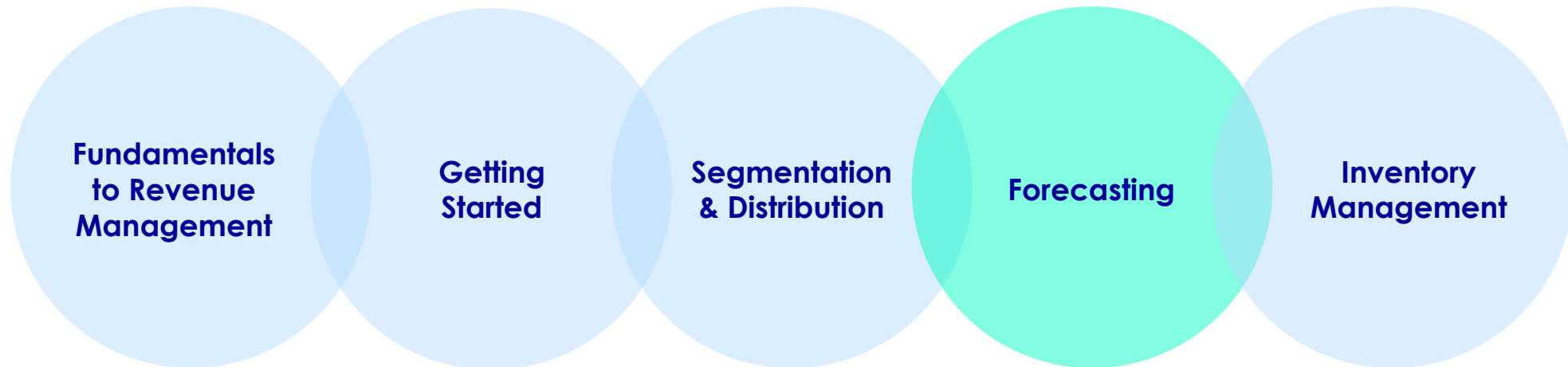- Target specific travelers and channels

Revenue Foundations for any Lodging Property

Fundamentals to Revenue Management

Getting Started

Segmentation & Distribution

Forecasting

Inventory Management

- Importance of revenue management
- Fundamentals
- Key terminology
- Overcoming challenges

- Foundations for success
- Assessing your business
- Monitoring performance
- Key activities
- Revenue culture

- Understanding who your guests are
- Understanding how and where your guests are booking
- Analyzing the data and getting started

- Importance of forecasting
- Creating a forecast
- Measuring & adjusting
- Communicating

- Optimizing your revenue with the right tactics
- Pricing your inventory

How can forecasting help your business?

- Predict future performance

- Anticipate demand conditions

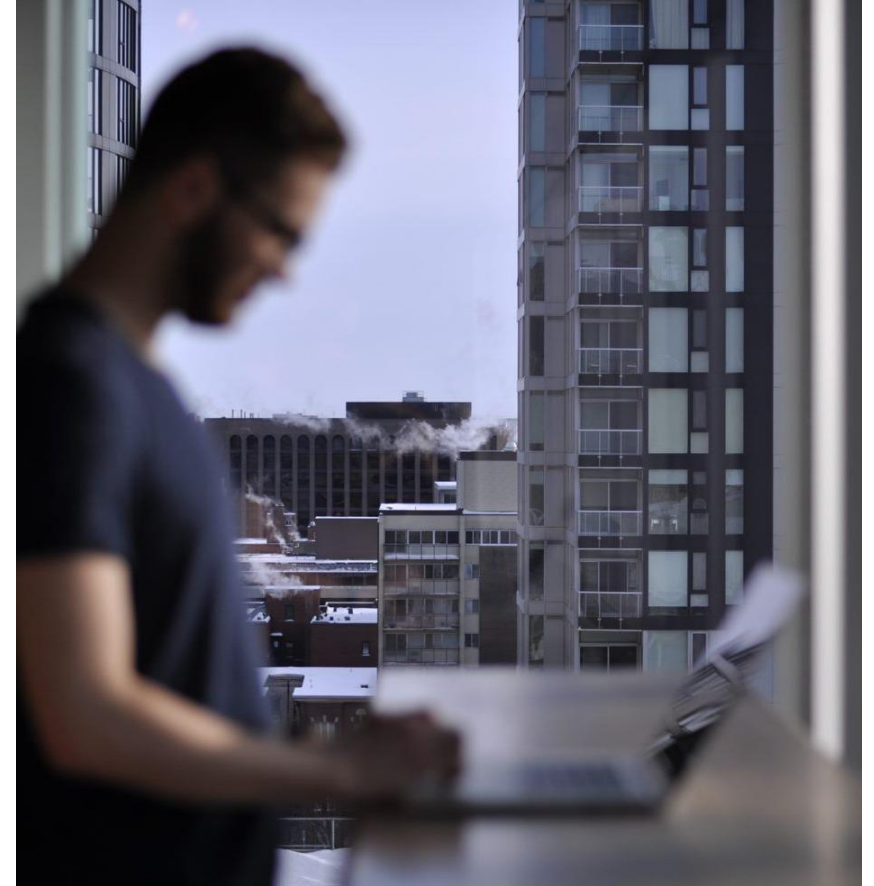- Make smart price & inventory decisions

- Prepare operations

Importance of forecasting

What else do you need to know?

- Compare your forecast

- Optimize segmentation

- Allocate expenses

Creating a forecast

Balance historical and forward-looking data

- Historical data

- Current data

- Segments & distribution channels

- Competitive and market data

Measuring and adjusting

- Establish the baseline

- Determine how often you update the forecast

- Save your changes

- Analyze the variances

- Identify the segments to adjust

- Strive for improved accuracy!

Communicate with your team

- Operations

- Revenue leaders

- Sales & Upselling

- All hands

expedia group™

Part 5: Inventory Management

Revenue Management Foundations for any Lodging Property

expedia group
Academy

Expedia · Hotels.com™ · Vrbo · travelocity · EGENCIA · hotwire · ORBITZ · ebookers · CheapTickets · CarRentals.com · Expedia Cruises · wotif · trivago

Revenue Foundations for any Lodging Property

Fundamentals to Revenue Management

Getting Started

Segmentation & Distribution

Forecasting

Inventory Management

- Importance of revenue management
- Fundamentals
- Key terminology
- Overcoming challenges

- Foundations for success
- Assessing your business
- Monitoring performance
- Key activities
- Revenue culture

- Understanding who your guests are
- Understanding how and where your guests are booking
- Analyzing the data and getting started

- Importance of forecasting
- Creating a forecast
- Measuring & adjusting
- Communicating

- Optimizing your revenue with the right tactics
- Pricing your inventory

Getting started

How can inventory management lead to more revenue?
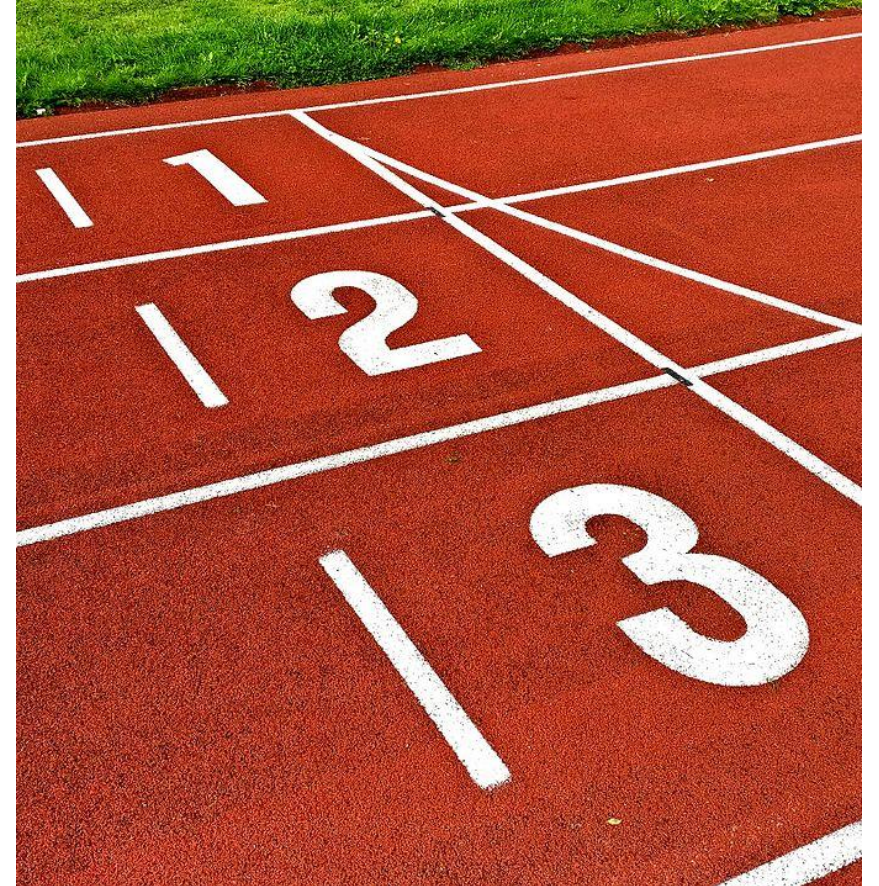
Overview

- Evaluate your different categories

- Define who you would like to attract

- Manage inventory by segment & channel

- Balance short and long term business

How can inventory management lead to more revenue?

Tactics

- Length of Stay Controls

- Close to Arrival/ Departure

- Allotments vs Open Inventory

- Overbooking

Room Type Pricing

Best Practices

- Identify the value of each room type to help you determine your price strategy

- Optimize price for your entire inventory

- Compare your room types vs. your competition to establish benchmarks

Revenue Management Foundations for any Lodging Property

Inventory Management

- Manage inventory by segment and channel
- Use the right tactics and restrictions
- Establish benchmarks
- Price your inventory by category