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ROUNDTABLE SERIES

Communication, better data processes on revenue managers' wish lists

Nine roundtable participants discuss the state of revenue management and where it needs to go

BY C. ELLIOTT MEST
@CELMEST

The concepts behind maximizing revenue management are still fresh enough that hoteliers are continuing to develop new strategies, but have grown to be so important that in many markets revenue management is the ultimate deciding factor behind a property's success. HOTEL MANAGEMENT sat down with nine revenue-management gurus to talk about technology, online travel agencies, the sharing economy and how to squeeze every last drop of success out of the market in 2017.

Pictured from left to right: David Eisen, editor-in-chief of HOTEL MANAGEMENT; Steven Rubin, VP of revenue at Denihan Hospitality; Katie Winther, VP of revenue at Dream Hotel Group; Jaavid Bharucha, corporate director of revenue management for NVN Hotels; Barth Leins, VP of revenue and distribution at Sonesta International Hotels Corporation; Ron Loman, VP of sales and marketing for Real Hospitality; Andrew Director, VP - revenue management and distribution at Paramount Hotel Group; Laura Bombardi, director of revenue at the Refinery Hotel; Michael Maher, director of strategic accounts at IDEaS; and Monica Xuereb, chief revenue officer at Loews Hotels and Resorts.

ROUNDTABLE SPONSORED BY

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Far from being a stagnant practice, revenue management has been making strides of late. Recent technology advances and tools, such as automated reporting, have helped break down the minutia of revenue management and free up time for operators to focus elsewhere, according to Laura Bombardi, director of revenue at the Refinery Hotel in New York City.

Andrew Director, VP - revenue management and distribution at Paramount Hotel Group, elaborated that

growing integration between revenue-management tools and on-property systems (such as the property-management system) are providing better information that is consistent across properties.

"We've rarely seen that in the past, and I think companies like IDEaS and other [central reservation systems] and PMS [providers] are working together with the data providers to keep giving us a little bit better of an edge, so we can spend less time integrating it ourselves," Director said.

Technology also is changing the booking process, with Loews Hotels offering the option to book rooms via social-media applications, such as Twitter, for some time now. Monica Xuereb, chief revenue officer at Loews Hotels and Resorts, said the real gains are being made with email, call centers and with direct text chats with travelers, areas where she said bookings are up 300 percent. Steven Rubin, VP of revenue at Denihan Hospitality, shared a story about a property that approached him in the

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past for a consulting job after seeing generational shifts in bookings and wanting to take advantage of the trend.

“It was [shifting] from the call center to directly online, so how do you answer all of their questions in a five- to six-minute call...to being able to address all of that online, which is a much cheaper distribution channel,” Rubin said.

TWO-WAY STREET

Because the revenue-management position is still new, there is much room for experimentation and improvement, particularly with regards to communication between revenue managers and other departments within a hotel. Ron Loman, VP of sales and marketing for Real Hospitality, said improvements in digital marketing have been a boon for sales, but little of the information gained through digital marketing makes its way to revenue management.

“It’s where we’re spending all of our money now,” Loman said. “That’s going to be the future, so there has to be more collaboration there.”

Some operators have struggled with finding the divide be-

tween digital marketing and revenue management, and Director said digital marketing should work in tandem with revenue management to devise campaigns. The goal would be to have sales and marketing on the ground level, understanding the trends of a market and the target audience, and then turning to revenue management to work with budgets and execute on a plan rather than develop one.

“Sales and marketing sits with the digital partner, comes up with a plan and never talks to revenue management,” Loman said, although revenue management is tasked with tracking the results. “There needs to be more collaboration there.”

In some companies, this level of integration is already taking place. Jaavid Bharucha, corporate director of revenue management for NVN Hotels, said conversations between departments that would have taken place once a month now happen once a week or more frequently. Because companies rely on instant feedback to set and reset rates alongside timed promotions, operators need to know the value of their options

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Ron Loman, VP of sales and marketing for Real Hospitality



Ron Loman, VP of sales for Real Hospitality Group, and Laura Bombardi, director of revenue for the Refinery Hotel, discussed the need for collaboration between digital-marketing and revenue-management departments.



Monica Xuereb, chief revenue officer for Loews Hotels and Resorts, and Andrew Director, VP of revenue management and distribution at Paramount Hotel Group, pointed out the power of direct-chat messaging.

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Roundtable

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in real time.

“When I started, we would sit down and talk once a month. Now you get a morning report and you look at it today,” Bharucha said. “What did you spend last night? Did you make enough on that promotion? That conversation is an ongoing one.”

THE OTA GAME

Last year, the industry saw some of the strongest pushback against online travel agencies since they began to infiltrate the market. New initiatives from the biggest brands in hospitality began to surface, with the goal of guiding direct bookings to brand.com sites, though when pressed about the effectiveness of these initiatives, Loman said momentum has slowed in the short term.

While it's too soon to determine the long-term effects of these campaigns, Loman said the values inherent in creating direct customers are too great to ignore, meaning that even with small successes, hotels are seeing some upturn, though operators at the property level have the greatest incentive to push for direct bookings.

“As a brand, I'm getting franchise fees off revenue,” Loman said. “Do I have a vested interest? Yeah. Is it going to break my heart? Probably not, because I'm still going to collect the fee.”

Barth Leins, VP of revenue and distribution at Sonesta International Hotels Corporation, praised Expedia as a travel website and an effective tool for travelers, but said that even as a small brand of 60 hotels worldwide, it is important to own the customer experience at the point of sale. While Expedia's evolving business practices continue to deliver bookings to Leins, he said

the industry needs to work to step out of the shadow of OTAs in the long term.

“I get exposed to customers that would never even have heard of us otherwise,” Leins said of the OTAs. “They're great, but [they] can't be my long-term solution because the economics don't work in the long term. Some of their business practices now are pulling control of my pricing away from me, and that's just not something we can sustain.”

A NEW RATE CEILING

One of the biggest bonuses from a strong revenue-management platform is the ability to max out rates when a market is being stressed by high occupancy.

Or it was, until the sharing economy and Airbnb pulled the rug out from under the industry, adding high levels of supply to nearly every market. While Director said Airbnb does the most damage in major markets, where its penetration is highest, Xuereb said its effects can be felt throughout the world, even at the four-star level and above.

“Think about the Mandarin in New York, amazing hotel overlooking Central Park, can sell a two-bedroom suite for \$2,500 a night,” Xuereb said. “You can get a three-bedroom apartment on Airbnb probably for \$1,000. That's just one reservation, but over time I think it impacts every level.”

Loman spoke about his own research into Airbnb's supply in New York's Times Square, finding there were some weeks where supply inventory would go through changes of up to 400 percent. Adding to the mystique is that, according to Rubin, Airbnb's status as a private company means the only models available



Steven Rubin, VP of revenue management at Denihan Hospitality Group (bottom left), lamented the treasure trove of data Airbnb has access to that the hospitality industry will never see.

for tracking its total inventory are owned by major hedge funds who are researching them for future investments.

“We're never going to see the data,” Rubin said.

WISH LIST

In closing, the panel was asked about upcoming technologies or trends that interest them with regards to revenue management. Michael Maher, director of strategic accounts at IDEaS, considered the level of data available to operators and questioned how much of it is useful and how much of it is noise. He said sorting through it to find relevancy was going to be a major challenge in the future, but one with a big potential return.

“How much of [this data] is complete, accurate or can be applied to an actual decision? That's going to be the toughest job going forward; there is a lot of international noise out there now,” Maher said.

Katie Winther, VP of revenue at Dream Hotel Group, is most interested in seeing more integration with hotel systems overall, but also has concerns about data. “I'm still confused by the fact that 50 percent of my data is kind of garbage,” she said.

Director said the industry has a preoccupation with big data that should be left behind in the hunt for results. He wants to see

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Barth Leins, VP, revenue and distribution at Sonesta International Hotels Corporation

simpler data points, better tools to make an analysis and better ways to distribute assumptions made from the analysis. “We still take a lot of time collecting the data, weeding through what we need and what we don't need,” Director said. “For some of us who are multiproduct, multi-brand, where everyone does it a little bit differently, it's still a time bomb. If I could get some of that time back, it would be a huge help.”

Bombardi cited how social media is able to track viewer interests and provide relevant ads from across platforms, with hopes that hotels can adopt some of these techniques.

“I hope we are able to use that for improving the guest experience, as well as digital marketing overall,” she said. “It's more of an opportunity to use that to better

the brand, hotel bookings, etc.”
Rubin would like to see the industry return to its entrepreneurial roots in order to come up with new ways to make money.

“We need to figure out ways to make more money by doing what we know, and what we do outside of the four walls of our building,” he said. “Our businesses are crumbling and we need to find new ways to make money. That ‘ownness’ should be on the revenue field.”

Leins said that revenue-management tools need to be able to leave the hands of revenue managers in order to be most effective.

“I want to see salespeople doing basic business evaluations themselves before they bring it to me in a business meeting,” he said. “You need to teach that to them, and it's to their benefit.” **HM**

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