Evolving Role of Hotel Revenue Manager
E-Guide
“Evolving Role of Hotel Revenue Manager”

Executive Summary

Chapter 1
Modern Revenue Manager Bids Adieu to the Traditional Revenue Manager

Chapter 2
Moving The Technology Way… Are You Ready?

Chapter 3
Hotels Choose your Competitive Set Wisely

Chapter 4
All that Big Data Matters: Hoteliers, learn how to leverage this data

Conclusion
Whether you are an experienced Revenue Manager or a student looking to start a career in Revenue Management…

About the Authors

About RateGain
RateGain Travel Technologies is a dedicated provider of SaaS-based solutions

Share:
Executive Summary

A recent survey by Cornell University shows that total hotel Revenue Management is the trend of the future. And it will be accompanied by more use of technology, tools, and analytics to assist Revenue Managers (RMs) take more learned decisions.

Another finding is that hotels will establish separate Revenue Management departments for RMs. And these RM practices will be applied to all hotel departments and areas along with RMs working closely with the marketing department.

Characteristics of a future Revenue Manager will be:

- **Analytical Skills**
- **Online distribution skills/Pricing**
- **Social media/Digital Marketing Skills**
- **Communication and other Multi-tasking skills**
About the Authors:

This Guide is a collaborative effort of RateGain Marketing & Research Team and Ms. Karen Pawlikowski.

Karen has spent over 15 years working with global hospitality brands such as Starwood Hotels and Resorts, The Ritz-Carlton Hotel Company and Xotels in key Revenue Management roles. With her vast domain experience, Karen is currently working with RateGain in leading hotels through revenue and distribution optimization strategies to achieve more profitable business. Karen also acts as a liaison between RateGain customer needs and the product development team to ensure that RateGain continues to exceed client expectations and remains leaders in hospitality technology.

In this guide for hotel revenue managers, we will be discussing the following:

✓ How the role of the revenue manager is evolving in the current business scenario
✓ Increasing use of technology in revenue management
✓ Dynamic competitive sets
✓ The role of big data in revenue management.

This guide will help revenue managers determine how to enhance and develop their individual practices and skills so that they are well positioned in the industry for future challenges.

Let's delve deeper into this e-guide to understand the changing dynamics of the hospitality industry -
Chapter 1: Modern Revenue Manager Bids Adieu to the Traditional Revenue Manager

The progression of the hospitality industry has transformed the revenue management as a central discipline in the hotel. Hotels of today are striving hard to gain more profitability by implementing the latest revenue management strategies and technologies which involve much more than just inventory and rate management.

The role of today’s revenue management professional has amplified substantially to include a variety of other important tasks including online marketing, social media and reputation management, and the focus on TRM (Total Revenue Management) just to name a few. Consequently, the revenue manager of today is required to wear multiple hats at the same time and possess more skills than ever before to succeed in this challenging and dynamic role.
What we see today from cutting-edge revenue management leaders is the development and implementation of inventive marketing strategies focused on attracting guests from different key segments. A systematic approach is being followed for the development of targeted propositions across the hotel’s website, distribution channels, e-marketing and offline channels. Most certainly, this leads to smarter and more profitable revenue generation, but must be implemented and executed carefully, including cross functions of the hotel as well as carefully consider the bigger distribution landscape.

Social media and reputation management is also at the forefront of the revenue management role, having a noteworthy impact on the hotel ADR. Hotel revenue managers have delved deep down in the role by ensuring continuous engagement with the audience on all platforms in the form of creative posts, contests, and other activities. All kind of reviews and recommendations posted on these platforms should be actively looked into by the revenue manager and taken into consideration when creating the value proposition for potential guests.

This is why the need for a reliable Online Reputation management tool is so important. Revenue management leaders must work closely with operations to ensure that guest expectations are met, guest feedback in being handled correctly and continuous improvements are being made to achieve an optimal guest sentiment score.

The hotel revenue manager of today is busy performing numerous roles – talking to guests, determining innovative pricing strategies, analyzing competition performance and trends, identifying new markets and ways to drive more business, managing the digital presence of the hotel, driving online distribution, and a lot more with the broader objective of TRM or total revenue management.
In this highly connected age, technology has reshaped consumer behavior and revenue experts are seen adopting a more holistic approach to their strategies.

To summarize, revenue management is a well-defined success story which will continue to thrive and expand in the future. The modern revenue manager seems to have come a long way in today’s technology-driven environment and still continues to move ahead.

As the practice of revenue management continues to integrate with the key functions of the hotel, the need for a thorough understanding of the market landscape becomes crucial for these multi-functional experts. The job continues to become more dynamic, revenue managers!

Considering the above, is the title Revenue Manager even relevant anymore? Should the title of this role change to reflect the job to something more accurate like Director of Hotel Strategy? What are your thoughts?
Chapter 2: Moving The Technology Way…
Are You Ready?

Hotels nowadays are capitalizing on the use of hotel technology tools to deliver unique experiences to customers. Comparing the past and the present brings a little smirk to our faces when we think about how much information about guests and prospective guests we can collect using the latest in technology.

The consumer has always been at the heart of the industry, however, finding ways to achieve a high level of guest satisfaction and to meet the raised expectations have clearly evolved.
The expectations of excellent service and unique experiences are the new norm from the consumer. Hotels are more than ever exploring this new standard by leveraging the use of technology to find innovative ways to interact and provide personalized, distinctive experiences. Technology is opening the gates for them to connect with the guest well before they even arrive at the property.

The story does not end here. The relationship with the guests does not get dismissed once they check out of the hotel. Long-term relationships are the key to growth, and proper means must be established to keep the doors of communication open. The data that hotels collect on guest preferences is stored permanently by the hotel, which allows them to offer better rewards in future, create custom itineraries, and present tailor-made offers going forward.

Data on consumer insights is at the forefront of creating a solid hotel sales strategy. Much of this data is collected through various channels like social media, hotel review websites, google analytics and the latest in new technologies developed specifically for hotels. OTA partners are another wonderful source for this information. If you are not doing it already, ask your market manager or pull this information directly from the extranet to give you deeper insight. You might be surprised by what you see and adjust your strategy accordingly.

With the amount of data available to hoteliers today, you should have a very good idea of your business and with this an improved decision-making and more precise revenue management strategies.

The rapid evolution of mobile phones is another hot medium for the interaction between hoteliers and guests. The current era has been rightly
termed as the mobile era, where we all are so conveniently dependent on these tiny devices for almost anything and everything. Hotels have been offering a host of facilities to their guests, which are accessible right through their mobile phones.

Technology has allowed these devices to be used as room keys by the guests, where they are able to check in straight through their mobile app, without having to stop and spend a few minutes at the front desk. And then, when the lights are turned on, technology assures them the most satisfying and personalized journey, a journey which promises to create some well-cherished memories. Imagine this – at the time of check-in, the name of the guest appears on the screen along with a welcome message. Pretty cool!

Though the power of technology is being significantly harnessed to enhance the guest experience, the role of human touch in the hospitality industry can never be undermined. Nothing can replace the act of a relationship manager coming to greet the guests wearing a pleasant smile on the face.

Thus, as it is important to put guest-centric processes and technology in place, it is equally important to have an enthusiastic hotel staff on the floor to fulfill the requirements of the guests and make them feel special. Yes, let the trip begin!
Chapter 3: Hotels Choose your Competitive Set Wisely

*Comp-sets have become more dynamic now*

Selecting comp set wisely is a no brainer for any hotelier. However, nowadays with the ease of search for the consumer, the obvious competitive set is not always the case. Hotels should consider all relevant factors, including location, hotel size, star rating, published room rates, hotel type and brand affiliation as well as other not so obvious factors such as hotel guest sentiment, hotel facilities, and amenities, access to transportation, seasonality, and mix of business.

The three most common causes for competitive set selections include brand building, market positioning and performance benchmarking. Picking a fitting competitive set and evaluating this selection over time as market conditions change is a worthwhile undertaking.

This should be done minimally 2 times per year where a hotel monitor fluctuation in the comp sets by identifying other hotels competing most directly for business based on the criteria mentioned above. This provides the chance to observe fluctuations in comp set, indicating that when market dynamics change, so the hotel’s comp set should change too.

Shared below are the few pointers to keep in mind, while selecting your competitive set:

**Market segment:** It is very important that hoteliers understand the business mix of their competitor to help them better understand which hotels are similar to their own and also help hotels identify where potential advantages may exist.
**Market size:** It is a very critical job again and yet very important to decide on your competition size (number). For price positioning and competitive price analysis, it is suggested to track more than just direct competitors, thus the number of properties in your comp-set needs to be carefully chosen. Following this, hotels are able to better understand market trends and, when required take appropriate action to moderate or control those trends to their own lead.

**Location factor:** Proximity and location play an important role in encouraging more bookings. Also, with the easy availability of the internet, travelers now have easy access to details like location, price, reviews, etc. broadening their criteria for search and booking options. Interestingly, at times, other factors such as reputation & reviews, aesthetics, amenities and services can reduce the impact that mere location can have on guest selection.
When choosing your comp-set, do consider hotels in your not so near vicinity as well.

Competitive set selection should be based on several factors - all of which can be considered to varying degrees, depending on the specifics of any given situation. In the case of convention center property, a relevant competitor may be in another city or even another region.

**Guest sentiment:** Online reviews are a very valuable source of information, both about you and your competitors.

Spending time to read the guest reviews posted on popular OTA and review sites will provide actionable insights into the type of guests that are staying at various properties and also divulge what those guests are saying about their experiences (both positive and negative) at the competing properties.

While doing your hotel guest survey, take notice of the properties that consistently appear amongst the top of the natural display order on various OTA and Metasearch sites.

**Visit your competitors and potential competitors:** Create a SWOT analysis of your comp-set by physically visiting them and evaluating their service, amenities, location, online reviews, etc. However, you need to evaluate them from the unbiased approach and a fresh set of eyes. You may discover some new additions to your list of competitors and find some of them irrelevant in your current list.

**Average rate/Price range theory:** This is another very common and essential basis for choosing your comp-set. For most guests’ their decision to book is based on a specific price range that including a ceiling price. The guest will not prefer to pay above the ceiling price if they have a sound option available in the same location.
This guest price range can change over time, based on economic circumstances and also the taste preferences may change.

We can’t ignore the role of brand value, star rating and guest reviews in influencing whether or not a particular price point is acceptable to guest for a specific property.

Considering the fact that properties in a given vicinity are not likely to be uniform with respect to their size & segment, channel mix, room type & room mix, sales tactic, price positioning and management effectiveness. Probably this will answer questions like why a mid-level hotel’s ADR might consistently outperform that of a full-service property in the same market.

Assessing the competitive strength and your own: Being aware of the positives about your comp-set is an advantage. It helps you to compare your strengths and weaknesses against your competitors. However, when evaluating attributes, place them by weighing them in relation to the influence they may have in attracting and retaining certain customer segments.

These practices above will enable you to eliminate or include hotels for consideration as you select your primary competitive set as well as develop secondary or dynamic competitive sets.
Chapter 4: All that Big Data Matters: Hoteliers, learn how to leverage this data

Hospitality industry captures a lot of data from various sources. Guests start leaving a data stream from the instant they start their search till the time they check out. Technology experts, as well as hotels are beginning to get deeper with turning that data into actionable insights. However, for many hotels, this data is still largely underused.

Getting meaningful insights from piles of unstructured data that hotels have is a huge challenge. Deriving action worthy information from different sets of large data and trying to understand the relation between these data sets about the customer preferences is not easy.

The ability to aggregate big data into meaningful insight helps hoteliers to provide unparalleled opportunities to improve existing guest services, create innovative marketing strategies, improve the efficiency of operations, and enhance the overall growth and profitability of the hotel.

**Facilitate data gathering:** To start with, hotels should facilitate an environment for gathering data from their guests. And how can they do this? Simply by ensuring that guests have free Wi-Fi. This will help you to tap a lot of hidden potential. How?

Almost every guest travels with at least one device (laptop, tablet or mobile), and it is said that only 1% of hotel guest fills the paper post–visit survey as compared to 21-30% using mobile or similar devices. This stat explains the point clearly.

We cannot ignore the fact that hotels need assistance to extract & exploit this data. There are various technology vendors who offer data and transform the data into something meaningful. For example, having a powerful channel manager can provide a wealth of information about
your incoming reservations including Channel Booked, Length of Stay, Booking Window, etc. This will surely save hoteliers a considerable time and money, which otherwise would have been spent on huge IT infrastructure to get valuable information from huge data files.

Let’s have a look at what areas big data can be applied for generating better results for your hotel:

**Using big data to provide personalized experience:** This is the most important area where you can apply big data. The vast amount of information can be collected through different sources like guest feedback, storing customer demographics and details from past stays. The internet and social media provide greater details regarding online guest reviews. Booking and review sites are also a big source of information. Hotels can use this collated information for the future and can delight their guests by making suggestions based on their culinary likes and other such details like the choice of room and newspaper. Such an approach surely improves the travel experience for the guests and makes them more likely to return and resulting in higher customer loyalty.

**Utilize big data to devise more targeted marketing strategy:** Hotels can use big data to come up with a very targeted marketing approach for each customer segment type. Another approach is to tap guests spending more time on social media, with social media specific ads and campaigns. Using big data in an effective manner will help you optimize your marketing spends across different channels. Additionally, big data can help hotels identify the downsides too. This will help them recognize the areas they are losing their customers.
Consider this example: Analysis of weblog, will help identify the point where guests are abandoning your brand site to switch to your competitors. This can help hotels to identify the problem, look for a solution accordingly, and thus increase customer revenue.

**Big data for capacity planning:** Hotels can utilize big data received from a variety of sources such as social media, user-generated content sites, reservation, and booking logs, call center logs, emails, photos, videos etc. so as to make smarter strategies, more dynamic pricing decisions and optimized capacity planning. Most hotels lose money because of inaccurate capacity planning or incorrect demand prediction.

**The Challenges:** The biggest challenge is to constantly derive relevant and actionable insights from loads of data generated every day from different sources.

Traditional organizational set-up, adoption of new technology, skilled resources are some of the main challenges. The security concern is another threat to the collection of big data from the internet.

Despite these threats, big data is here to stay and will evolve hospitality industry in a big way and continue to open up many opportunities for the hospitality industry to engage with customers, offer customized services and come up with a more targeted marketing approach.

**Conclusion:**

Whether you are an experienced Revenue Manager or a student looking to start a career in Revenue Management, understanding and incorporating the above shared 4 aspects to your everyday practice will help you become a tech savvy - modern Revenue Manager who is well-equipped to manage multiple aspects of the evolving role.

www.rategain.com
About RateGain

RateGain Travel Technologies is a dedicated provider of SaaS-based solutions, which have been exclusively designed for the global travel and hospitality sector. Products rendered span through online rate intelligence, hotel price optimization, competitor rate shopping, seamless electronic distribution and online brand reputation management. The esteemed clientele of this global travel technology firm comprise of renowned hotels, online travel agents, airlines, car rentals, cruise liners, tour operators, and wholesalers. Since its establishment back in the year 2004 by founder and CEO, Bhanu Chopra, the organization has acquired over 12,000 clients worldwide.

Contact us at marketing@rategain.com
Online Reputation Manager
Simplify Online Reputation Management

Guest Feedback Survey
Gain absolute insights of your customer pulse

Revenue Optimizer
Maximize Your Revenue For Each Booking

Rate Parity Dashboards
Overcome the Challenge of Maintaining Rate Parity

Distribution Channel Manager
Take Complete Control of your Online Distribution Strategy

Rate Shopper++
Outperform Your Competition With RateGain Hotel Rate Shopper ++

All in One Solution
Take The RateGain Advantage!
Bundled Pricing + One Vendor

Request a Demo

www.rategain.com