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REVENUE RESTART

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# REVENUE RESTART

REVENUE MANAGERS GRAPPLE WITH NEW STRATEGIES AROUND DEMAND DRIVERS, ACCURATE FORECASTING AND THE COSTS OF BRAND AFFILIATION.

Contributed BY MEGAN ROWE

**AS TRAVEL DEMAND** creeps back, revenue managers are obsessing over the best way to optimize properties' performance in an era of uncertainty. Survival, experts say, means sketching out an organized game plan but leaving room for contingencies.

Where to begin?

"We're not just resuming, we're restarting," says Sarah Bartlett, senior vice president of revenue and distribution at HotelAVE. "You have to think of this as a restart — a lot has changed."

Also key: "Alignment — between sales, marketing, revenue management and operations — so everyone has a very clear picture of what success looks like," says Trevor Stuart-Hill, president of Revenue Matters, which develops revenue strategies for clients. "They need to be working together in a cohesive fashion. What do

we need to do strategically to get the financial outcome we're looking for? Often that piece is missing."

#### STUDY THE DETAILS

The new way of working will force many hotels to shed old ways of thinking and once-reliable demand drivers. That sprawling luxury resort in a secondary market that once lived on big corporate groups? It might be chasing small social meetings and leisure business, at least for the short term.

"You need to forensically get into the details, understand the market you're focused on, who is traveling, what that travel looks like and what the demand drivers are in a particular market," says Michael Doyle, managing partner and executive vice president of CHMWarnick. Doing that can channel sales and

marketing efforts toward likely travelers.

Because food and beverage, bars, gyms and spas may not be open, Bartlett observes, many full-service hotels will look a lot like select-service hotels, but with less competitive rates. "Hotels will have to figure out how to set themselves apart — there are no more swim lanes," she adds.

But selling a hotel on its own merits can be a challenge when it's not fully up and running. "When you have a hotel that can't serve food and beverages and doesn't have a fitness facility open, basically you're selling the ability to just get away," Doyle says.

Operators have learned from past crises that discounting is not the answer; value and location are, and value looks different today.

"Hotels can provide value by creating and instilling confidence in their



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MONICA XUEREB, CHIEF REVENUE OFFICER, LOEWS HOTELS

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MICHAEL DOYLE, MD AND EVP, CHMWARINICK



cleanliness and sanitation,” Bartlett says. “Advantages like self-parking, high-speed internet and outdoor activities are a bonus right now.” Offering category upgrades, late checkout and packages that capitalize on location by folding in local attractions or activities are other ways to sweeten the deal.

Discounting can be helpful if used judiciously. “There has to be a fence around that rate, or a description that it’s a limited-time offer,” Stuart-Hill says. When

ed. In June, for example, Stuart-Hills says many more travelers were making last-minute travel plans. Pre-pandemic, hotels would typically forecast once a month; today, a weekly prognosis is more common, given altered booking patterns and the whims of government COVID-related edicts. Staffing projections might need to go from weekly to twice-weekly.

“We’re doing a lot more forecasting than we’ve ever done before,” says Monica Xuereb, chief revenue officer at Loews

positive way to how things are changing. It’s incredibly difficult, but the best thing to do is be prepared.”

Another revenue management consideration: the cost of brand affiliation. Brand managers made a number of concessions when travel ground to a halt, but whether that generous attitude will continue is unknown.

“We are going to press the brands for further cost relief,” Doyle says. Owners are looking for long-term solutions that



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TREVOR STUART-HILL, PRESIDENT, REVENUE MATTERS

the Radisson Blu Aqua Hotel in Chicago reopened in June, it celebrated by offering guests who booked within 48 hours a 30% discount, a US\$15 F&B credit and a chance to win complimentary parking.

#### FREQUENT FORECASTING

Forecasting demand is probably the biggest post-COVID conundrum. The science of forecasting hasn’t really changed, but demand drivers have been upend-

Hotels. “We’re learning every week about how things are changing.” To ease the uncertainty, Loews developed multiple scenarios that dictate staffing levels, whether to open F&B operations and whether to deliberately cap occupancy to maintain the company’s service standard.

“If we’re prepared for multiple levels of occupancy scenarios, we will have a better chance of being more agile,” Xuereb says. “We’re being reactive in a

will provide ongoing cost relief. Aside from fees, they would like to shrink labor through structural changes, streamlining management and leveraging technology.

“The natural tendency is to address this crisis, and when we’re on the other side just return back to where we were,” Doyle adds. “But we should use this as an opportunity to rethink how we operate and put together a better business structure that ultimately performs better.”