



5 tips to optimize

ROOM RATES AND BOOST REVENUE COLLECTIONS FOR HOTELIERS



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INTRODUCTION

With all of the uncertainty and the depressed demand for travel, it is imperative for hotels to be forward-thinking and pivot their operations to suit the 'new normal', or risk being phased out in an ever-evolving marketplace. Today, the key to remaining in business within a drastically changing world is to remain innovative, up-to-date, and retain high business standards.

You need to preserve the business's property at a peak and for long enough to warrant good returns. Sustainability through proper long-standing mechanisms is fundamental. Customer satisfaction, especially in the hotelier sector, is always the primary goal. And for sustainable customer satisfaction to be realized, employees have to be sufficiently managed, and their morale is kept at a boom phase.

It's now been almost one year since the very first report of the coronavirus in Wuhan, China. As a testimony to how globally connected we are, as a planet, the virus managed to spread across Asia, North America and Europe in a very short span of time. Being an airborne virus, COVID-19 quickly became a pandemic and remains largely uncontrolled in most countries today. [\[1\]](#)

As a result of the current pandemic, “travel demand has crashed globally and isn’t expected to return to pre-Covid levels until 2024 for international travel and 2023 for domestic travel” [2].

In this eBook, you’ll discover five revenue management tips that will help you boost returns at your hotelier property, and help you survive the COVID-19 pandemic.

What Are the Main Problems for Hotels Today?

The ‘new normal’ has had a devastating effect on the travel and hospitality industries globally, but in addition to the changes that all humans are experiencing in our current COVID-world, hoteliers have many additional operational considerations and problems to address before they can reopen and begin to return to profitability.

Profitability

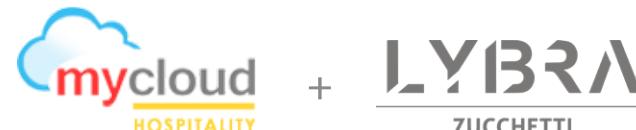
Trying to remain profitable while the hotel experiences a huge drop in demand will put enormous pressure on the business. The reality is that for most hotels, the largest variable costs relate to human capital; as the virus is mostly transmitted person-to-person, hotels will be required to rethink their traditional methods of guest service, as well as how to reduce costs in service delivery.

Guests' Lack of Trust in the Safety of Travel

Guests have always placed a very high value on the cleanliness of their selected hotel and room - however mixed messages and changing alert levels have created confusion, paranoia and a reluctance to travel as freely or as frequently for many leisure travellers.

The Business of Business Travel is Changing

Many corporate travellers belong to companies who have completely revised their organisational structure to support a remote workforce which will have a long-term impact on office/commercial real estate and corporate travel to attend meetings and events.



New 'Pandemic-Friendly' Guest Demographics

Most of the industry has set its sights on the resurgence of corporate travel demand and wanderlust wishes from those with disposable incomes. While these traditional, high-value travellers are crucial to overall recovery, immediate attention and marketing should be turned to Millennial and Generation Z consumers, as an OAG Passenger Sentiment survey [3] showed that these passengers were already eager to travel before Covid-19, believing that tourism benefits local communities as well as their personal growth.

As we continue to wade through the pandemic, "Millennials and Generation Z are more likely than others to travel domestically in the next six months (84% vs 79%)". They are also "less likely to adjust their travel plans and behaviour in light of the virus (66% vs 70%)", and are also "slightly less concerned that they will catch coronavirus while travelling (with 56% rating their fear level at 5 or below and only 28% saying it's an 8 or higher)".

Internal Operational Updates

Unfortunately, much of hoteliers' past strategies are now redundant or made useless; to be successful today, hotels need to 'look beyond' the traditional revenue management KPI's, broaden the scope of the demand forecasting process and create radical new efficiencies across the hotel.

What Technology Tools Are Most Important to Help Hotels Survive the Current Situation?

Today, any technology which (a) helps to reduce costs or (b) helps to improve revenue generation should be at the forefront of any purchase decision for hotels; of course, the operational area where they overlap, most significantly, is in a modern and advanced property management system, and revenue management department.



Business date : 02 November 2015

Development Admin

Social media engagement

GUEST SENTIMENTS

4.08

★★★★★

146 total

Excellent: 55
Very good: 60
Good: 20
Average: 10
Poor: 5

INDIVIDUALS

Booking.com

Very good (based on 87 reviews)

SERVICE ANALYSIS

SERVICE (19) 4.58

VALUE (16) 4.32

CLEANLINESS (11) 4.43

LOCATION (18) 4.69

ROOMS (10) 4.46

FACILITIES (10) 4.41

Free WiFi (1) 4.50

4.15

USE OF PROPERTY MANAGEMENT SYSTEM (PMS)

Log information

Last Review downloaded on 30/04/2016 12:00:00 AM

Chat? - Online

11

1. United Kingdom Sentiment volume : 19 Sentiment value : 3.94

2. India Sentiment volume : 19 Sentiment value : 3.37

3. United States Sentiment volume : 19 Sentiment value : 4.72

4. United Arab Emirates Sentiment volume : 15 Sentiment value : 4.00

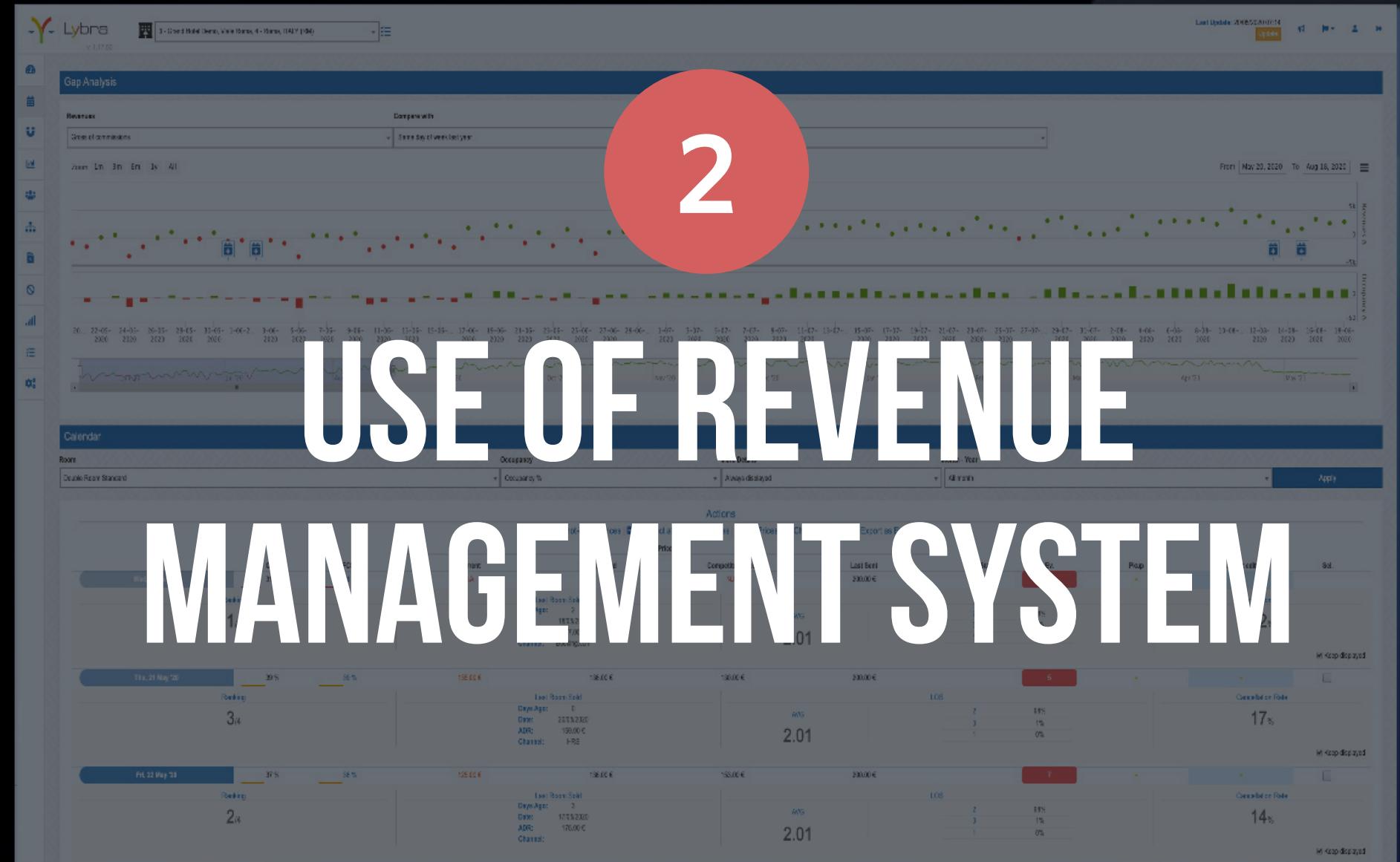
5. Australia Sentiment volume : 13 Sentiment value : 4.44



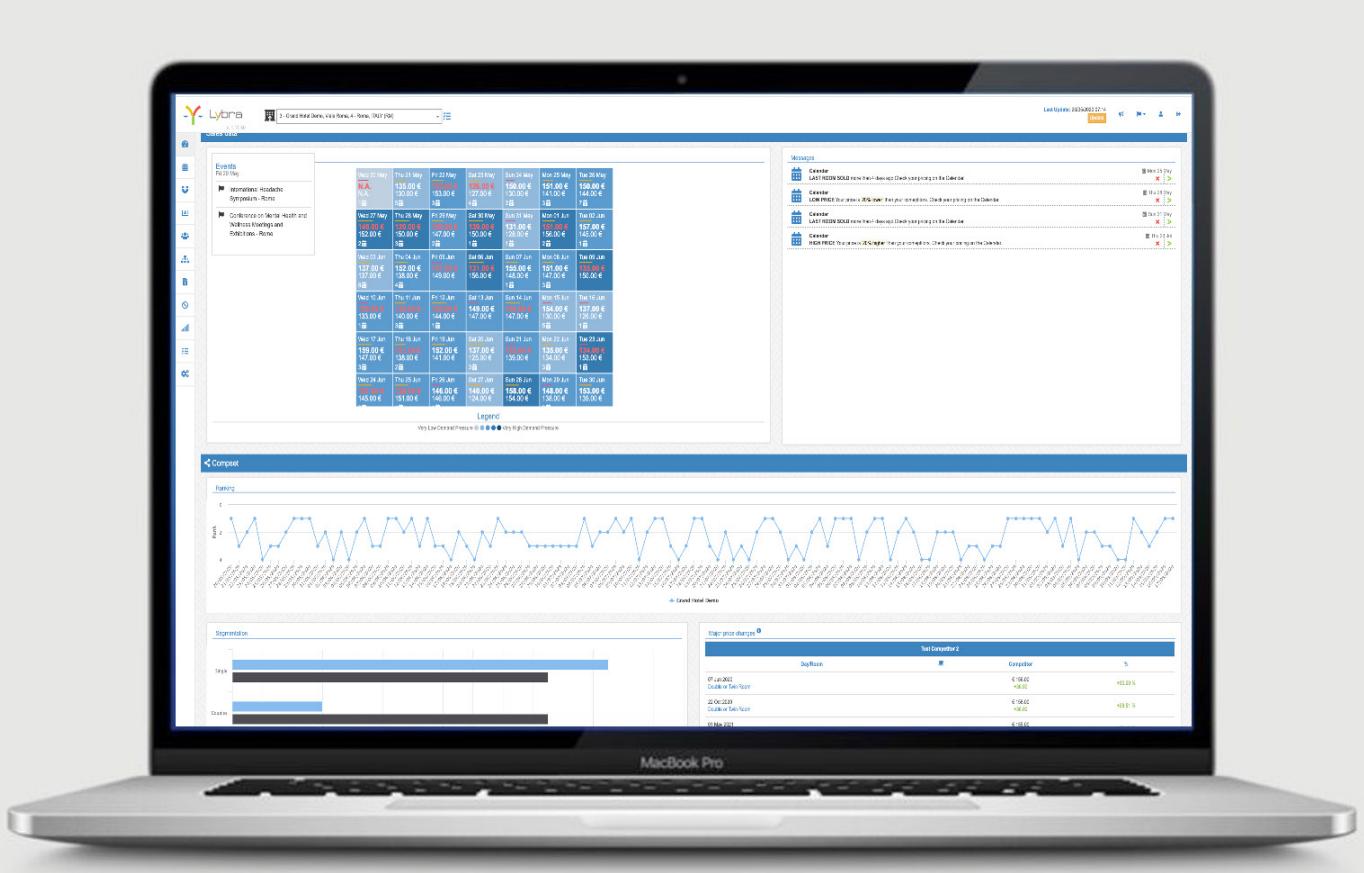
1. USE OF PROPERTY MANAGEMENT SYSTEM (PMS)

A property management system is one of the latest and most treasured inputs into any hotelier business. Although property management systems were introduced as early as the 1970s, the ever-evolving technology keeps them vital by introducing relevant updates on the system. Nowadays, the property management systems do more than just managing the standard property operations. The property management systems currently offered as SaaS applications are suited to handle revenue optimization, attract more direct business, offer ease in handling of operational and administrative work.

The latest property management systems have automated rate management, guest services and in-house operations. But the most notable contribution of property management systems is on revenue and 360-degree guest experience management.



USE OF REVENUE MANAGEMENT SYSTEM



balanced travel economy. When demand increases to the extent that supply becomes limited, then prices rise. A hotel with 'accurate pricing' is where the guest perception of value is met. The online reputation of each hotel reinforces the anticipated stay experience for your potential guest. Factors such as increased flights into a hotel destination, events and hotel competitor prices can affect demand or the perception of value from the guest.

Lybra Advisor and Lybra Assistant RMS are two hotel revenue management tools that have been adapted for the new pandemic situation we all face. Forward-looking data is the primary change in the hotel demand algorithm; hotel competitor prices, airline flight search demand, hotel competitor data, events and hotel cluster search analytics are some of the new data points that are required.

A) REVENUE MANAGEMENT SYSTEM

The COVID-19 pandemic has changed revenue management forever. Future and historical data is no longer the most effective data to determine room rates because our current market conditions are completely unheard of in our lifetimes. We don't have any historical reference point from which to derive the optimal strategy or tactical response to this situation. Being able to prepare for future guest demand is very complicated when historical data cannot be accurately relied upon as a pattern to be repeated.

In a travel environment where so many variables have changed and there are no historical reference points, the hotel demand forecast must be adapted with new tools. The best way to remain competitive in a depressed market is to use an RMS that uses the right data to provide the most accurate pricing suggestions - and that's where Lybra's revenue management solutions beat the rest.

Accurate pricing is a function of demand in a balanced travel economy. When demand increases to the extent that supply becomes limited, then prices rise. A hotel with 'accurate pricing' is where the guest perception of value is met. The online reputation of each hotel reinforces the anticipated stay experience for your potential guest. Factors such as increased flights into a hotel destination, events and hotel competitor prices can affect demand or the perception of value from the guest.



2.1 USE OF AVERAGE DAILY RATE TO ENHANCE BUSINESS REVENUES AND TARIFFS

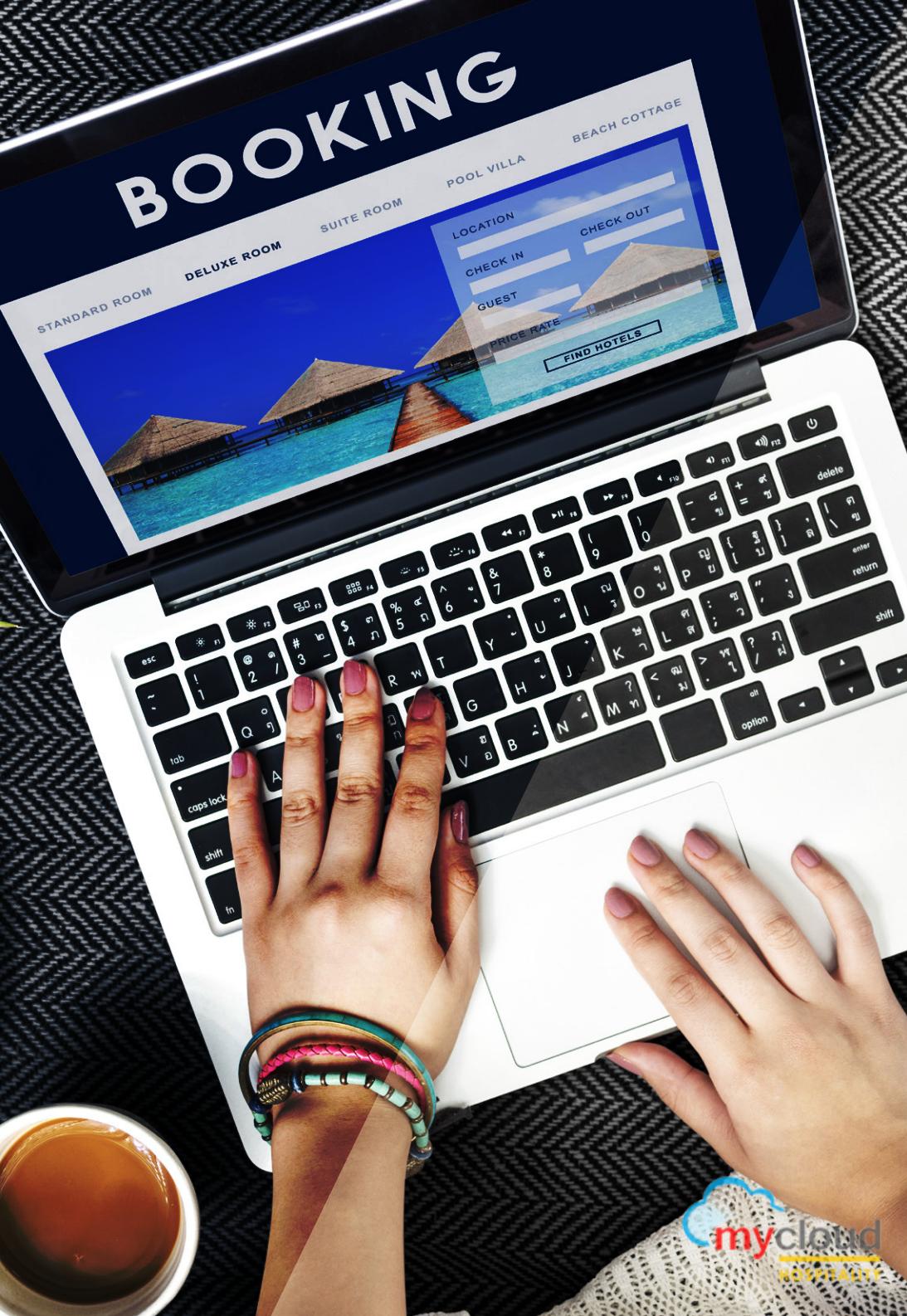
An hotelier business has to operate on predictions of better performance. The commonly used indicators are occupancy, Revenue per Available Room (RevPAR), and Average Daily Rate (ADR). The average daily rate computes the income that a hotel generates per room daily. In essence, it keeps track of your hotel performances, and you can use that to estimate how your business is doing versus your competitors. A record of the average daily rate is beneficial, and as an hotelier, you should always esteem to keep it at its peak. So let us have a look at how to increase your average daily rate.

a. Optimum Pricing

Optimum pricing is a guarantee of getting customer influx and profits at the same time. It is all about pricing your services and rooms to reasonable and affordable market prices. Optimum pricing attracts more customers, which in turn ensures that you sell more of what you are offering. Definitely, this is a guarantee on increased profits.

b. Packages and Promotions

Customers are more inclined to buy the idea of packages and promotions than discounts. With a revenue management system, an hotelier is better placed to determine which sales can be put as a package and how customers buy them. This is a means of tracking business progress and it pays off almost immediately.



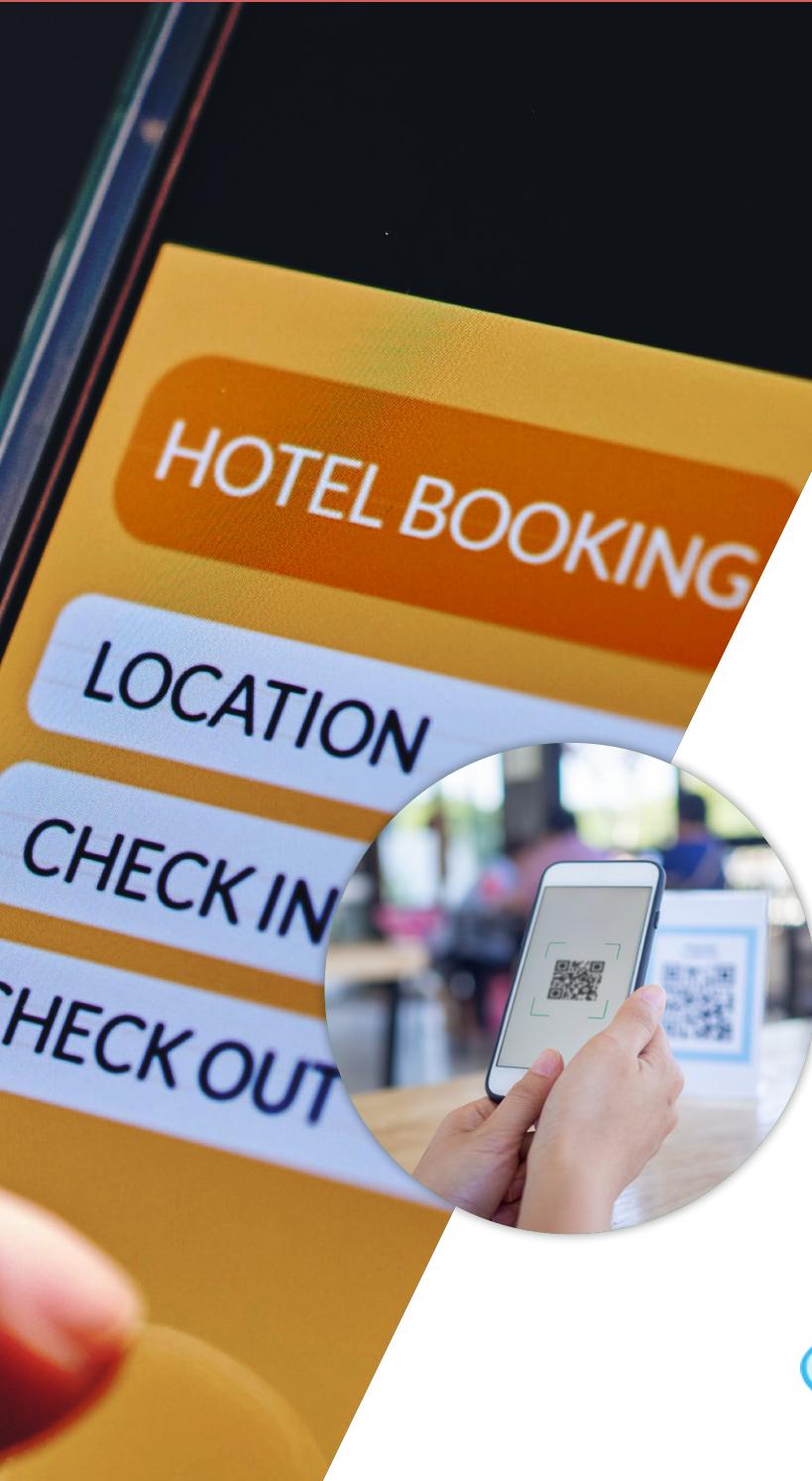
c. Endeavor to Get More Direct Bookings

Your marketing approach should be top of the shelf if you want to be unbeatable in average daily rates. To get more direct bookings, your website should be integrated with the most profound marketing channels that you can access. Creating several ads also works in your favor. With a property management system that offers attractive and real-time web booking engines to customers visiting brand website, you are able to market to them the services you offer, including the added advantages of securing detail and so on.

This deep use of technology, helps hoteliers with revenue indicators, enabling them to track the financial trajectory of business and determine the success of their business. Revenue indicators are useful in determining and setting optimum prices for the rooms. This brings a better Revenue, ARR, RevPar and fetches more profits.

3

CONTACTLESS TECHNOLOGY FOR BETTER BUSINESS PERFORMANCE



2020 has not only brought economies down, shut business but given birth to new technologies and processes. Today every business practices contactless operations and social distancing. Hoteliers have been always in the forefront in adopting technologies, contactless operations existed in hotels from long but were used by few super deluxe hotels as less of necessity and more of novelty. Current pandemic has brought in a complete paradigm shift and now every hotel irrespective of size needs to use contactless technologies to ensure guest safety and offer them security of staying in their hotels.

Contactless technologies now further automate operations, moment a booking arrives in PMS irrespective of channel that it arrives through, PMS automates the arrival process and handling of statutory formalities. System send out QR codes, web links over, email and SMS, so guest can update all necessary information like, pictures, IDS, mandatory data fields and complete the all pre check-in formalities all from comfort of their house by using a mobile based web app. They are then provided with online maps to the location of the hotel. Payment for booking and all other transactions are done via contactless applications and payment gateway. The hotel provides documents for the room via emails. Receipts for all the transactions are provided via email in softcopy.

For the purposes of checking into the hotel, the customer is provided with QR codes or digital pins, which they can use to either enter room directly or generate keys from kiosks provided in hotel lobby. Ordering of room services is also done via same web app, which provides complete digital account of stay, charges including providing check-out and final payment processing options.

After the hotel stay, the customer can thus provide feedback or do a review of the hotel online and give ratings as well.

Mobile tracking,
anywhere,
anytime

USE OF GUEST MANAGEMENT SYSTEMS

2
Manage multiple services in one task



4
Mobile updates on task completion

5
Offer five star like service at a nominal cost



The hotel's primary guest management systems (PMS, CRM or CRS) will be required to seamlessly integrate communications across all guest interactions, in order to support consistent messaging and to avoid guest confusion. Guest services solution can be a great add on, these system not only help manage guest experience and services but can be used with voice devices like Alexa for guests to order hotel services.

In most hotel operations, the hotel PMS acts as a pseudo-CRM, rather than the hotel having a stand-alone CRM system. Many hotels use a Channel Manager in lieu of a CRS, as the primary functionality for both systems are to distribute hotel rates and availability across a broad range of online channels.

Most hoteliers are aware their PMS and online distribution systems are separate platforms, which carry the risk of double-handling of data and/or inconsistent product descriptions. Make sure that all product descriptions and guest information that appears on all online channels (i.e. hotel website, third-party OTA, GDS, etc.) is up-to-date and consistent with the latest advice. Today, the explanation, 'one system doesn't talk to the other,' is no longer an acceptable excuse as to why there are miscommunications between systems.

5

USE OF CHANNEL MANAGEMENT SYSTEM





Channel management systems have improved a lot over the years, these system seamlessly integrate with PMS and connect to OTA's thus allowing hoteliers to sell last available room with confidence, no more over bookings, or monitoring inventories and changing packages . This real time integration coupled with historical data, revenue management and market intelligence provides hotelier that needed edge to ensure their rates and packages are not only attractive but also optimized to ensure best possible rates and revenues for hotels on daily basis.

These new product integrations today are using business intelligence, machine learning and studying market conditions in real-time. All this working in sync towards one single goal, offer better guest experience, improve revenues, reduce manpower and human intervention.

What Do Travellers Want in the 'New Normal'?

In terms of the potential for cost reduction and guest satisfaction, every 'touch-point' during the guest experience should be looked at in fine detail. It might sound extreme, but if we imagine our guests are all germaphobes, we will be able to accurately identify the most important ways to streamline or restructure all guest services to address guests' needs in the 'new normal'.

Every guest will have their mobile phone, so this is an obvious starting point for common guest experiences, such as making reservations (both before arrival and for on-site services, including the restaurant, golf, spa, etc.), online check-in and check-out, and eliminating hard-copy keys.

Communication with guests to reinforce the safety, security and certainty of the steps your hotel has taken to ensure their stay will follow best practices is extremely important in the current climate; unlike pre-pandemic guest mindsets, safety and security now refer to how well the hotel is perceived to be managing hotel operations in the 'new normal.'

Important questions to consider include:

- ❖ Different methods to try to control the spread of the virus have been attempted by individual countries, with varying degrees of success. One proven method to limit the spread of the virus is when a face mask is worn when a person is in close proximity with others. How will you communicate the requirement for guests to wear masks, and when/where is it required that guests wear them?
- ❖ Will the hotel elevators have a reduced capacity?
- ❖ Will food be served? If so, what changes have been made to serving and cleaning standards in the restaurant(s) and/or in the rooms? Are you still offering breakfast buffets?

The more data the industry can arm travellers with the better. "The majority of consumers (61%) said they would find value in OTAs and travel sites providing data on the predicted capacity of potential flight and hotel options." [\[4\]](#)

Even with all the new restrictions, guests will always want value for their money, so try to provide as much value as possible and communicate those new policies and promotions to guests as well.

Finally, don't underestimate the importance of human connection in difficult times, like our current COVID-19 world. Remember, your hotel is a hospitality business, not a pseudo medical centre, so as much as possible be friendly and helpful, and always smile behind your mask. :)

Why Is It the Best Time for Hotels to Update Their Technology?

The changes to the way we perceive travel or group events and interacting with one another at close proximity are clear signs that we must invest in key changes to guest services and hotel operations now, not later. We must learn to live with new restrictions and the most effective way to adopt a new approach to the hospitality business to become fully digital wherever possible.

Changing Booking Windows

Although many consumers are prioritizing ground travel, over air travel, most consumers are prepared to fly, if the circumstances are right; that being said, not all air travel is the same, particularly when we consider the impact of the pandemic on short-haul as compared to long-haul flights – especially as it relates to a property's booking window.

Overall, "more than three-quarters of consumers said they were planning to fly domestically in the next six months, compared to 60% who are planning to fly internationally." [5] The difference in impact between the two relates directly to hotel booking lead times, which can be very difficult to predict without technology, as it is dependent on so many different data factors. To date, "the virus has shortened booking lead times in the Asia-Pacific region, lead by the markets in India and Thailand". [6]

'Travel bubbles' are being created between countries that have agreed to the same protocols for managing symptoms which may appear during travel; for example, travel bubbles currently exist between New Zealand and Australia and between Singapore and Hong Kong, to name a few. Within the European Union, intra-country travel advice is updated in real-time via an official government website: <https://reopen.europa.eu/> [7].



Flight Capacity Restrictions

Flight capacity restrictions have a very tangible impact on potential hotel demand. Since the start of 2020 the coronavirus has devastated the aviation and travel market, causing consistent and severe capacity cuts week after week; in fact, "overall capacity is down nearly 50 million seats or 47%, globally" [8].

CONCLUSION

Property management systems and revenue management systems have been around for long now, the truth is, archaic PMS systems may be adequate for accepting manual or bookings through channel manager, running simple reports, or calculating future forecasts but these legacy solutions lack scalability, real-time connectivity with various complementing hospitality technology platforms, and more importantly when using these old method in today's world, hoteliers simply cannot manage today's guest expectations, or capture guest data. Trusting an outdated PMS system to run your property's operations may land you in trouble not to mention having a limited access to one-premise PMS

Implementing a cloud PMS system will not only save you time, and money it will save you a lot of effort in the long run too, so switching from your outdated PMS software to a cloud-based solution makes sense: you are becoming part of the information superhighway! Cloud-based systems allow real-time availability, a contactless and realtime booking experienced and help you connect with your guests before, during and after the stay. So by paying attention to your guests' wants and desires, you are increasing their loyalty too. Let's face it, at the end of the day, the hotel industry largely depends on your guests' experiences. The better the experience, the more memories your guests make- the more revenue you generate.

Today hotels contend with fixed costs, a perishable inventory and varying levels of demand, because of the pandemic and fewer travellers means it is more important to maximise the revenue each room generates. Today in this pandemic it is more than ever important, that hotels use a revenue management system to make more informed decisions, backed up by market intelligence, evidence and data, in order to optimise business practices. With a robust revenue management strategy in place, hoteliers can bring more money in, ensure their costs are covered and, ultimately, maximise profit and at the same time making it easy to adjust prices across various distribution channels, without having to individually log in to each of those different systems.

Making use of any of those software programs is enough to transform your business. So why should you struggle to operate manually and in an analog way, when all these technologies are at your disposal?

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ABOUT MYCLOUD HOSPITALITY

mycloud was developed by Prologic First, an independent, private company with over a decade and a half's experience delivering end to end technology solutions to the hospitality industry across the UK, Asia, Africa and the Middle East. We provide you with an easy to learn, state of the art integrated solution for your hotel management needs as well as providing an online presence at a much lower cost. In fact, mycloud may very well be at a lower cost than the cost of maintaining your legacy systems when you also take into account the loss of revenue due to errors and inefficiencies to which legacy systems are prone.

mycloud Hospitality provides cutting-edge integrated solutions for all aspects of hotel management, including revenue management solutions. Our services are reliable as well as cost-friendly.

[Schedule a Hotel PMS Demo](#)

ABOUT LYBRA

Lybra is a leading global hospitality technology company, offering an innovative, machine learning revenue management system (RMS) for the global hospitality industry. Lybra's Assistant RMS was designed to improve the quality of hoteliers' lives, by simplifying and automating daily operations to skyrocket their property's bookings and revenue – even in times of decreased demand, like the current COVID-19 pandemic.

In May 2020, Lybra was acquired by The Zucchetti Group, a leading international technology company offering software, hardware and ITC services to many global sectors, including hospitality, education, transport and logistics, manufacturing, among others.

[Schedule a Hotel RMS Demo](#)


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