



How Technology Can BOOST YOUR HOTEL'S REVENUE



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INTRODUCTION

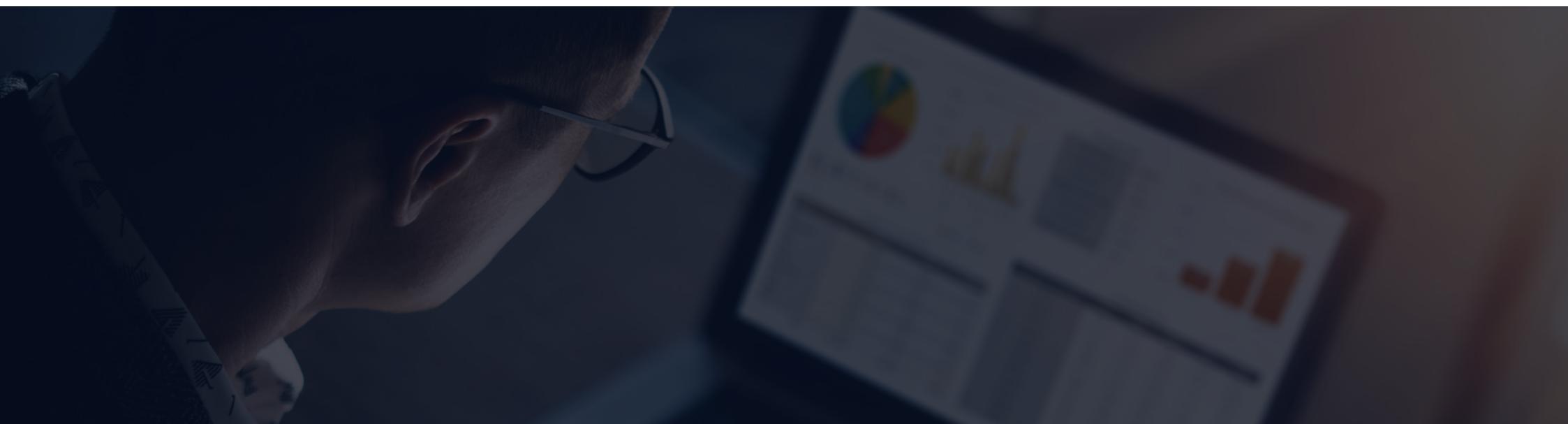


Since its introduction into the hotel industry close to 25 years ago, revenue management has led to a massive increase in revenue per available room (RevPAR) from around 3-5%. Revenue management is merely a process of issuing the best capacity to the right client, at the right time, and at an affordable price to generate maximum income. In the hotel industry, it involves finding a balance that accommodates all guests. This is a delicate process, but, through technology, hoteliers have found an innovative way of carrying out effective revenue management.

How? Well, they've learned of a successful revenue management system with the help of the airline industry. For example, almost 4 decades ago, The American Airlines introduced a revenue management strategy involving yield management strategies.

This approach was founded on the fundamental principle that all inventories (airline seats) had an expiration period and that customers don't have equal needs. It, therefore, focused on increasing revenue through analytical based inventory methods in an effort to defeat the growing market threat at the time which was increase in low-cost and low-fare charging carriers.

This strategy was primarily based on understanding, forecasting and then influencing customer behavior. Now, this technique is something which many hotels have started adopting to 'defeat' those low-cost charging hotels. So, thanks to the airline industry, they've identified new opportunities for increasing employee productivity and expanding their revenue through the use of technology.





Overall, I am pleased with mycloud PMS and e-distribution solution. With a small operation, it is critical that our rates and availabilities are kept intact and with 'mycloud' we have succeeded in doing this. 'mycloud' is doing the job that it is supposed to and I am happy with it. I am also pleased to mention that I have been able to customize the booking engine as per my choice and it helps me a lot in getting direct bookings, thus saving us the commissions that we pay to third parties, mycloud is showing us its worth."

<https://www.wisteriaguesthouse.com/>

LEN (Owner)

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IMPORTANCE OF EFFICIENT REVENUE MANAGEMENT IN HOTELS



IMPORTANCE OF EFFICIENT REVENUE MANAGEMENT IN HOTELS

Effective management of revenue in our hotels is an important factor given the industry's current state. Demand is growing stronger by the day, and there are even more opportunities for earning revenue than before. In fact, occupancy rates back in 2015 stood at 65.6% which was a 27-year record. Performance in the lodging industry continued to increase throughout 2016 with an astonishing 6.5 percent boost in revPAR.

What's even more interesting is that the global hotel industry generated almost 550 billion U.S dollars in total revenue in the same year (2016). The Hotel Company which contributed the most to this was the British hotel industry, InterContinental Hotels Group. Other major contributors included Marriott International and Hilton Worldwide, both which have more than 4000 hotels spread out across the world.

Unfortunately, such growth was triggered by an increase in competition and the strength of the online travel agencies, commonly known as (OTAs), as well as the sharing economy. Interestingly, the United States hotel industry by itself is paying such third party entities close to 3.8 billion dollars, a number which continues to grow the more OTAs increase. So, it's essential for all hoteliers to be wise when regulating prices and inventory if they want to retain and generate an improved chunk of income.

INCREASE REVENUE

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FORECASTING FUTURE CHANGES IN REVENUE

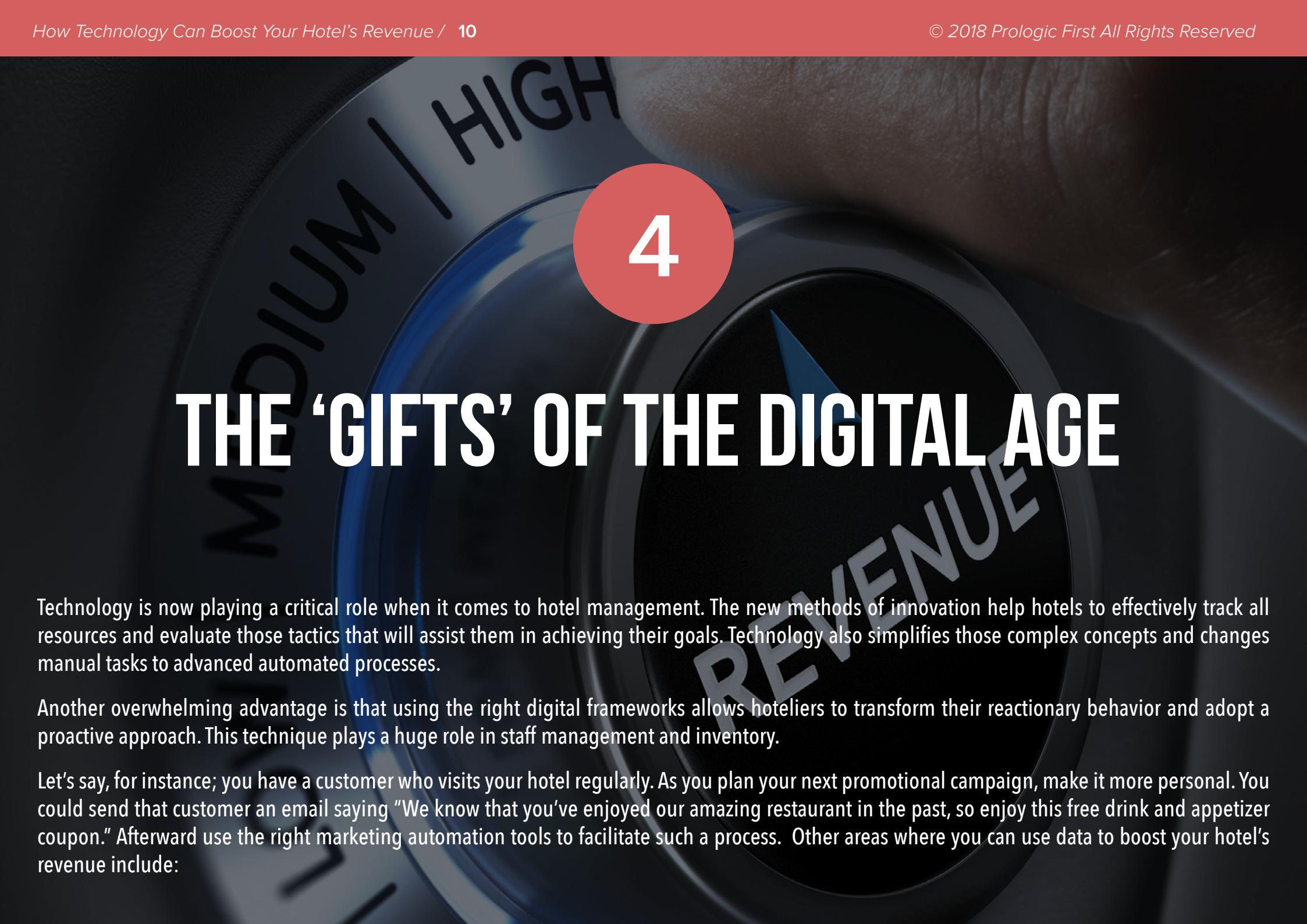


FORECASTING FUTURE CHANGES IN REVENUE

One of the most crucial parts of hotel revenue management is learning how to predict and forecast critical factors like the demand. Hotel managers should master this technique accurately if they want to boost their revenues.

Now, forecasting needs vast amounts of information and data which offer insights into the future performance of a business. It stresses the need for hoteliers to pay attention to the behaviors of their customers to better meet their needs. They should also know how to make near-perfect estimates and learn how to react to changing data by quickly adjusting inventory and accommodation prices to suit their guest's demands.

For instance, during the 2018 FIFA World Cup held in Russia, a lot of hotels and Airbnb came with new offers which they kept on adding from time to time. Some of these entrepreneurs organized tent camps with comfortable facilities at an affordable price to cater for the large number of people traveling into the country. This was particularly for a match like England Vs Belgium which might have been pretty crucial in deciding either country's progression to the last 16.



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THE ‘GIFTS’ OF THE DIGITAL AGE

Technology is now playing a critical role when it comes to hotel management. The new methods of innovation help hotels to effectively track all resources and evaluate those tactics that will assist them in achieving their goals. Technology also simplifies those complex concepts and changes manual tasks to advanced automated processes.

Another overwhelming advantage is that using the right digital frameworks allows hoteliers to transform their reactionary behavior and adopt a proactive approach. This technique plays a huge role in staff management and inventory.

Let's say, for instance; you have a customer who visits your hotel regularly. As you plan your next promotional campaign, make it more personal. You could send that customer an email saying "We know that you've enjoyed our amazing restaurant in the past, so enjoy this free drink and appetizer coupon." Afterward use the right marketing automation tools to facilitate such a process. Other areas where you can use data to boost your hotel's revenue include:



ENERGY CONSUMPTION

You can use analytics from the book "Revenue Management: Hard-Core Tactics for Market Domination" to your hotel's internal operations. Energy consumption ranges from around 60% to 70% of a restaurant's utility costs. Fortunately, now you can control such costs by sacrificing exaggerated guest comfort by building energy saving profiles. Currently, there are modern software which can assist you as a hotelier to gather information from several sources, for example, weather and electricity rates.

Through cloud-based, predictive analytical algorithm, the software can adjust weather power from an onsite battery system or the grid. InterContinental hotels are using such technology where they expect to reduce energy costs from 10 %to 15%.

INVESTMENT MANAGEMENT

Another technique that the 'digital world' is improving hotel revenue is through financial investment and performance. A good example is by using randomized testing strategy to introduce capital investments such as refurbishing the hotel rooms or lobbies. How does this method work? Well, you'll have to refurbish the rooms and lobby in two or even three 'testing' hotels. Then monitor if there has been a difference in the customer satisfaction books.

Data collected through invest management tool can be used to compare the data from the test hotels and compare it with the data from those restaurants that didn't go through refurbishing. Therefore, you can take the entire information and see whether it's profitable for your whole chain of hotels.



LEARN AND UNDERSTAND THE BASICS

Although technology continues to transform the world, its underlying principles never change. Traditional demand forecasting methods are still quite useful, and hoteliers should take time in mastering them. Suitable examples include performance statistics and mathematical formulas like 'Holt-Winter' method. Just establishing single standards rates for all hotel rooms in every channel is a huge mistake. Luckily, education can help in solving such missteps.

Although formal knowledge does mention flexibility, it's one of the critical factors in hotel revenue management. Learning how to improvise when and where necessary plus to take full advantage of the modern structures is quite admirable.

Knowing how to effectively manage the best available rate (BAR) prices to keep all potential customers booking via third party entities is one critical area in which a majority of hoteliers are slowly learning. It helps them to maintain the right levels of occupancy to accommodate any decrease in demand over a given period between those guests booking in advance and the last-minute bookers.

Remember that every property manager should be adequately informed so that he or she uses a unified approach. Here, the major players include operations, marketing, food, and beverage as well as sales departments. Furthermore, a hotel revenue management strategy is useful when it's integrated into the business's overall culture. It should not be a simple consideration found at the top of the hotel's structure.



FIND THE BEST FIT

Using large numbers of high-tech resources and systems to set up your hotel revenue for modernity alone is not the most suitable answer. Instead, you should know how to choose the digital tools which suit your hotel's unique needs. Don't try to copy the 'Joneses'!

The first step is learning how to analyze the available technologies and deciding on which levels you wish to commit. Maybe a blend of digital and manual management techniques is what your employees would feel comfortable with. Whichever the case, as a hotelier, you stand a chance to benefit from the improvements being made in information and data science plus in the substantial technological capabilities of gathering the information needed to be better attuned to the needs of your hotel.

The second step is integrations between discrete systems. Hotels with several orders of management like point-of-sale and guest services should have information which automatically flows via its digital infrastructure for better and seamless operations. It also prevents errors of manual data entry and allows centralized data review by eliminating fragmented reports from central and property reservation sources.



UNDERSTAND THE NEEDS OF YOUR GUESTS

Colossal data is a buzzword in the hospitality industry, and technological communities are continually trying to make the best use of it. Here, things like competitor performance, general reservations, reviews and guest feedbacks as well as upcoming events are being collected and then applied to assist in creating projections and altering strategies.

You need to hire the services of experts who can gather large data quantities. They'll help you to understand the people you're serving to know how you can adequately match their needs. Besides, the cost of acquiring and then retaining clients has slowly increased in recent years at a rate that's even double the growth rate of revenue. Therefore, looking for ways to satisfy the needs of your guests is a problem which hoteliers need to embrace.

Monitoring various social media and review sites is one essential component if you want to know the needs of your clients. You can even build platforms like mobile apps and responsive websites for your guests to reach out to you. A suitable example includes digital comment cards which a majority of hoteliers have found to be quite useful in responding to the concerns of their guests. All in all, ensuring that all, if not most, of your guests, are happy increases their visits and eventually boosts the hotel's revenue.

ROUND THE CLOCK MANAGEMENT

Thanks to innovations in technology, your customers will always keep coming back to your hotel. So, never ignore the chance of making adjustments or gathering analytics based on your customer's behaviors. Keep in mind that having the best staff and the right digital systems to respond and monitor market behavior is critical in this modern age.

You'll need to quickly gather enough information and learn how to react to it. For instance, if a good number of your competitors increase their rates, you should know. Doing so is not necessarily meant to follow their lead, but it will help you to understand why they made 'that move' and if following them will suit your hotel's needs.

There can even be an increase in demand on a particular night, for example, a musical concert by a famous musician. Having the ability to react to this and adjusting your rates quickly, is quite useful when it comes to generating revenue!



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CONCLUSION



In summary, learning how to control prices and rates of all your property's resources is no longer a question of experimentation and guess-work. The sophisticated technology we have today allows you to utilize the available digital programs to create robust strategies and forecasts and strategies. These techniques will help you to boost revenue with little effort as compared to traditional methods.



"mycloud PMS runs at its best to ensure the smooth efficiency of our front office department; it also keeps an accurate track record of statistics for the management team in order to make vital decisions. In addition, its POS system helps enhance food and beverage sales."



ALEX BRESSERS

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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. One of the biggest barriers to adoption and usage that legacy systems face is the license and implementation cost which can run into thousands of pounds and is a big deterrent for hotels in adopting new technology. Looking at the current trend in technology in the hospitality sector, cloud computing is considered to be the biggest disruptive technology and changer. We will 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.

Schedule a Hotel PMS Demo

(Our online demo takes about 30-60 minutes and you would need a desktop or laptop with microphone, speakers and Internet connectivity. Time shown here is in EST (Eastern Standard Time, -5:00 GMT)

Award-winning hotel solution by financesonline.com, hotel owner technology 2017, softwaresuggest.com, softwareadvice.com & getapp.com with capability user rating by 4.39.

