



Revenue Optimization

STRATEGIES FOR HOTELS DURING THE RECOVERY PHASE



INCREASE REVENUE

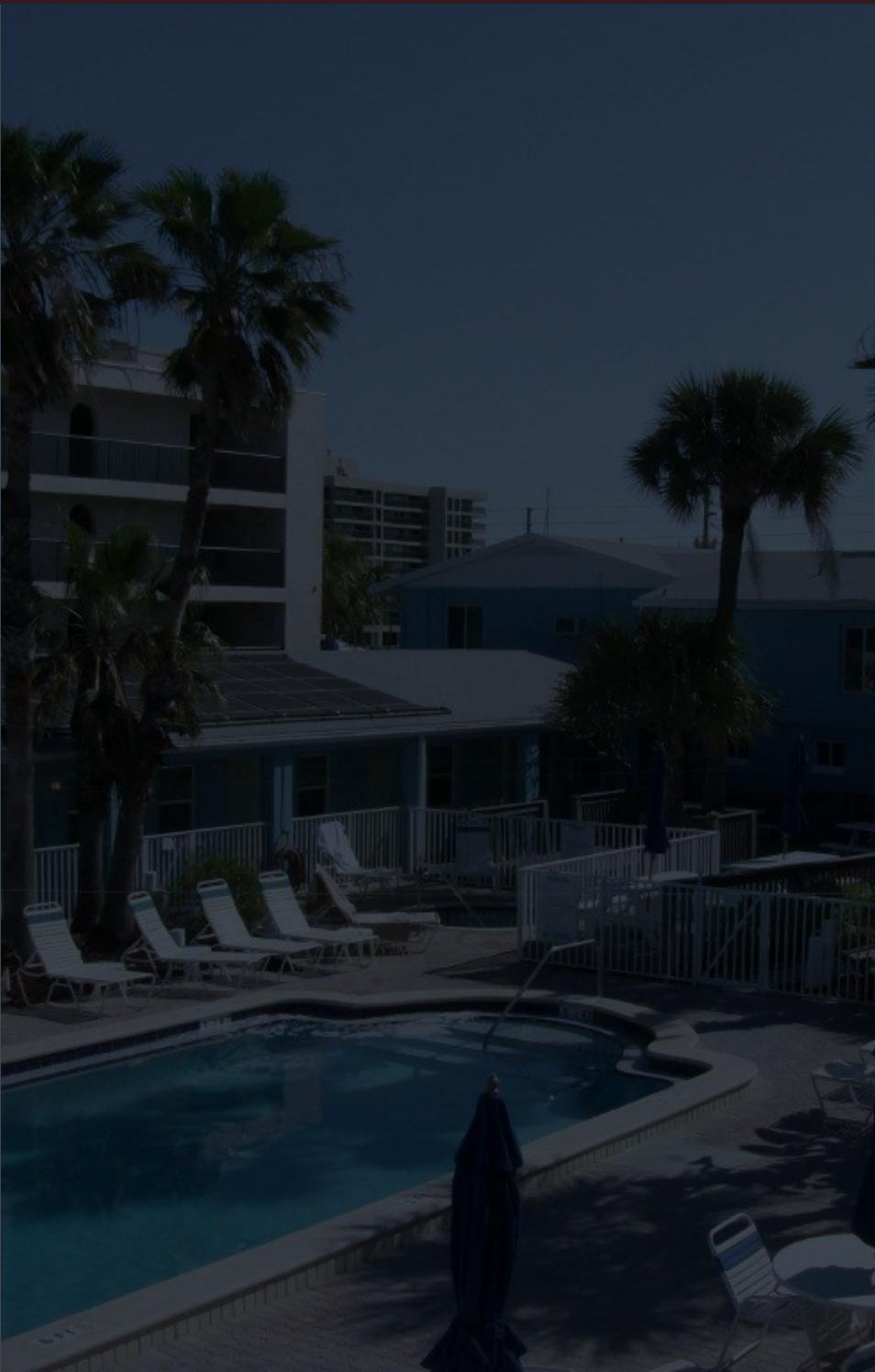
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INTRODUCTION

The hospitality industry is among the sectors severely affected by the COVID-19 pandemic. But, as countries are handling the situation, the industry will slowly regain their footing. Therefore, to make sure you get a profitable business, you must know how to optimize your hotel's rates and revenues.

The most successful hotel owners are looking for ways to ensure safety and improve how they run things during this pandemic, thus giving them an edge over their competitors. But only a small fraction of hotel owners use revenue management to optimize their business and make profits. This eBook will guide you on making the most out of the recovery phase through revenue optimization.



First and foremost the customer service is awesome. they are all so nice and very helpful. they strive hard to answer the questions in a timely manner. sometimes there is a whole team working on my issue so its done faster. The program itself is simple and really easy to understand (once you have done it a couple times). It has saved me loads of time as i am able to load items all at once instead of one at a time. Its very fast and syncs within seconds for real time availability.

The emails sent by the channel manager are spot on and very quickly sent from actual booking time to email transmission. this helps in keeping my real time availability up to date. I manage/maintain 8 properties on this channel manager and its a breeze. Admin is a piece of cake as well, i also love that you can add as many users as you want, customize their capabilities and send notifications to as many emails as you want as well. All in all the program is wonderful and so affordable. Its perfect for a big corporation or the smallest of properties. A++ in my book.



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WHAT IS REVENUE OPTIMIZATION?



WHAT IS REVENUE OPTIMIZATION?

Revenue optimization is the process of maximizing profits through demand, marketing, and pricing strategies. It requires a thorough analysis of consumer behavior to develop price points and sales channels that appeal to your customers. In the hospitality industry, this means selling the right product and service to the right customer at the right time and price, through the best channel.

The competitive landscape in Hospitality has become more intense in this recovery period. To navigate this period, hotels must learn and apply revenue optimization strategies to improve their profits. These strategies include;

1. STUDY THE MARKET

The first step to boosting revenue is to do a thorough assessment of the market by studying your competitors and customers. Now that historical patterns have gone out of the window, you must review the market and collect the right data to help you come up with a reliable post-crisis revenue optimization strategy.

The data you collect will give you insight into who your clients are and what they are searching for. It will also provide you with insight into your competitors' offerings and what makes their hotels stand out more than yours. With this information, you can make adjustments and knowledgeable decisions on the pricing and marketing strategies you apply.

For instance, as countries ease the lockdown, the demand for traveling, accommodation, and dining is rising. More and more clients want to go for staycations, workcations, and weekend road trips as people seek a change in scenery after months of being cooped up indoors. You can take advantage of this opportunity by offering packages that will attract more customers to your hotel.



2. APPLY AN EFFECTIVE PRICING STRATEGY

There are several pricing strategies that hotels can use to maximize revenue. They include discount pricing, the price per segment, value-added pricing, positional pricing, etc. These strategies are useful in different situations, and many of them can be used together. So it is up to you to select a plan that works for your business at the right moment. You can use the hotel's earnings, your target audience and their wants, your competition, and demand to develop your pricing strategy.

For instance, if your hotel can offer more than your competitors, it may be reasonable to apply a competitive strategy where you price your services at the same rate as your rivals. However, if the demand is low, you can adopt a short term discount strategy to attract more customers because low-paying clients are better than empty rooms.

Alternatively, you can use a value-added pricing strategy where the rates are higher, but the added value is provided through complimentary gifts and free items. For example, since there is a higher demand for workcations, you can create a pricing package for the people looking for workcations and want to stay longer than the standard night stay. Ensure that your package stands out from your competitors and make the benefits clear. Once your clients understand the value of what you are offering, they will be open to paying more.



3. EMBRACE MAPPING AND FORECASTING

Forecasting is an essential part of any revenue optimization strategy since it allows hotel managers to anticipate demand and make crucial decisions on marketing, pricing, and distribution. However, because this pandemic has affected travel patterns and occupancy levels, hoteliers cannot use previous models to forecast. Instead, they need to apply innovative ways to accommodate the needs of their clients.

They can start by studying the market to gain insight into what their clients are interested in and if their needs have changed. For instance, more customers are looking to travel not only for business or leisure alone but traveling to work mixed with vacation.

With the data they collect from the market, managers can make projections on essential metrics such as room rates, booking, and occupancy and make adjustments. They can also map out the areas where there is demand to target those areas when marketing.

Forecasting also allows administrators to determine how to manage resources and cash flow to optimize revenue. Start by predicting your attainable revenue given the present state of the economy and hotel resources. And make changes that will boost your profits.



4. ANCILLARY REVENUE STREAMS

As we emerge from this crisis, hotels need to use every option they have to produce extra income. Instead of offering services that guests may not require, offer a lower base rate and include optional ancillary services to boost revenue.

Some ancillary revenue streams to incorporate include gift cards to be used in your gift shop, shuttle services from the airport or local tourist sites, branded office stationery, etc. By doing this, you will create a flexible incentive for guests, which allows you to see which ancillary services are more preferred. You can also adjust the prices on other revenue streams to harmonize all the revenue channels and achieve optimization.

5. SEARCH ENGINE OPTIMIZATION

With people spending more time online, this is the perfect opportunity for hotels to concentrate on developing quality content and being visible to their customers. Potential clients may be planning for business trips, holidays, and workcations, so it is paramount that your hotel is in their top searches.

This is the time to run a keyword analysis of your website to see the page you appear in. If you are on the second page, create content that will ensure you appear on the first page. Also, focus your efforts on appearing on domestic searches. During this period, people want to travel to and dine in local restaurants. So ensure you appear top in the 'hotels near me' inquiries. This will increase your chances of attracting guests to your business.

Conclusion

CONCLUSION

The hotel industry faces the possibility of a long recovery phase, and only the fittest will survive. It may take months or years, but the industry will bounce back. Various factors will determine the recovery rate, but one thing is sure, the hotels that apply revenue optimization strategies have a better chance at survival.

The industry is extremely competitive. So, to have the edge over your competitors, you should apply the revenue optimization tips above.



I am able to attract and improve revenues because of complete automation and integrated e-distribution. The system is able to create accurate forecasts which result in us being able to better manage guest expectations. I strongly recommend mycloud to hotels that work across different platforms and multiple locations

MOSES BARNABAS GENERAL MANAGER | XVA ART HOTEL





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 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.

Contact us today to find out how to boost your hotel business through cloud technology solutions!

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)

