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Hospitality Revenue Management
ULTIMATE BUYER'S GUIDE

Key Considerations for Your Organisation's
Connected Commercial Strategy

2022 EDITION

> **"** An RMS was always at the top of our digital transformation wish list. Once you have an RMS in place, you can capture more value regardless of demand, improving efficiency for all subsequent bookings. **"**
>
> **Stoney Creek Hospitality**

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> **"** It is not enough for a hotel to simply open its doors for business and expect their property to fill up—all hoteliers must ensure they have the right systems and offerings for their market in place. **"**
>
> **Indian Hotels Company Limited**

Invest in
Commercial Strategy

As we've learned during the pandemic, adaptability is essential for individual and business prosperity. The hospitality industry will never be the same, and the people, processes, and technology that drive it must advance.

An advanced revenue management system (RMS) is the only way to keep up with the speed of change and remain agile and efficient. To thrive in this era of economic volatility and digital disruption, hospitality organisations must build out holistic pricing and forecasting strategies along with robust integrations that empower data integrity.

With more data and more decisions to make than ever, hoteliers can no longer manage revenue the way they did before. Automation is no longer a nice-to-have—it's a must-have necessity. And top-line revenue drivers continue to be the critical factor for hotel finance.

But an automated RMS isn't here to replace smart humans; it's here to help them rise up in their hospitality careers. An RMS is key to helping commercial teams generate the right data insights to adapt quicker to competitive intelligence, drive operational efficiencies, manage available inventory, and support central revenue management operations from clusters to entire estates.

The field of revenue management has pivoted. No longer is the RMS the sole domain of the revenue manager. As hospitality organisations restructure around forward-looking commercial strategies, those who know their way around an RMS

will hold the power that comes with sharing accurate intelligence and making confident decisions. And a sophisticated RMS isn't just for enterprise chains but rather hospitality businesses of all types and sizes, from boutiques to all-inclusives and casinos to holiday parks.

Today's hospitality tech stack must be as seamless and integrated as the guest experience it supports. It should balance user ease and efficiency with data-driven profitability and decision empowerment. With a cutting-edge RMS at the core of the connected technology ecosystem, hospitality organisations will be enabled to think outside the guest room toward total profit optimisation of all revenue streams.

This guide is designed to help you:

✓ Determine the optimal system capabilities for your business type and user role

✓ Understand the RMS's essential role in your organisation's connected technology ecosystem

✓ Formulate a business case for an RMS investment

✓ Evaluate and select a technology partner for scale

✓ Measure the ongoing success of your RMS investment

Adaptive Revenue Management
for Today & Tomorrow

Demand has changed forever. Even as occupancy rebounds, the mix of your business will be different moving forward. And not just demand has changed—there are significant shifts in supply in many markets, due to local public health orders and competition to keep an eye on now more than ever.

People and technology can account for these factors, but if circumstances have changed, so should how you view and interpret the data for decision-making. Only when using adaptable, well-integrated revenue technology will you be able to harness the full power of your data to optimise revenue and outpace your competition.

Versatile Pricing

Whether demand is high or low, business has shifted to different segments or guest booking trends have changed. An automated RMS enables hotels to price all their business competitively and confidently under any circumstance. While RevPAR indices and ADR are on the path to recovery in many markets, the best opportunity to generate revenue

efficiently is to ensure you capture the right business at the right price. Capitalising as demand recovers requires an advanced RMS with versatile pricing that can:

- ▶ Dynamically price key products like advance purchase or loyalty discounted rate plans

- ▶ Independently price by room type, segment or channel

- ▶ Optimally set price by length of stay

- ▶ Factor in demand, guest willingness to pay, room-type hierarchy and the true influence of competitors

These capabilities combined with automatically managing rate availability, upgrades and room overbooking will ensure your property balances accepting the most valuable business with maximising revenue from available inventory.

Responsive Analytics

Powerful and proactive analytics provide the compass needed to navigate market changes and demand shifts. The predictive analytics of a leading RMS factor in many data sources, and

VERSATILE PRICING

RESPONSIVE ANALYTICS

MANAGE BY EXCEPTION

MAXIMISE GROUPS

yes, historical data is a small piece of the optimisation cycle and still relevant for understanding pricing patterns, demand patterns, length of stay, and booking behaviour.

More importantly, advanced analytics evaluate future on-the-books and pace, price sensitivity, market data, unconstrained demand, and even prices by room type and/or market segment, ensuring you drive the most profitable business to your property to help you recover faster.

Manage by Exception

No more manual rate updates in selling systems. No more time-consuming evaluations of competitor data and setting inventory and rate controls. No more spreadsheets. Basic tactical activities are automated, and through alerts or notifications you are made aware when there are significant changes or situations that require your intervention.

Use free time to create revenue strategies and make decisions that drive revenue in the long term. You've learned to do more with less, so it's important to ensure the team has the right tools and intelligent automation needed to efficiently

manage your revenue strategy while enabling time to support other areas of your business.

Maximise Groups

The group pricing and evaluation capabilities of an advanced RMS go well beyond a simple displacement analysis, and they give sales managers the insights needed to capture the most profitable group business. We are entering a unique time for group business, in some regions small in-person events are returning while the hybrid virtual/in-person format will continue to evolve and grow in sophistication. It's more important than ever to ensure you take the right pieces of business at the right time.

As with any business or revenue plan for a company, successful adaptability is not determined by knowing what specific outcome will occur but by understanding all possible outcomes and then assembling an agile strategy to achieve optimal performance each step of the way.

For more insights on this topic read this blog post: https://ideas.com/modern-hotel-pricing/

> There's no one human that can physically do what our RMS can do—there's so much that goes into the algorithm. Revenue managers should simply believe in the tool, have faith in it, and they will achieve results that exceed their expectations.
>
> **The Burrard Hotel**

Fitting the Needs of
Different Roles

The field of hotel revenue management has reached a turning point, and the role of the revenue manager is expanding. This job isn't just about crunching numbers in a hotel back office—it's about strategic decision-making across all facets of the commercial organisation, impacting and integrating with sales, marketing, distribution, and more.

And a true RMS is not just a tool for single property or cluster revenue managers. A sophisticated RMS must meet the needs of your entire hotel organisation, serving a range of functions and job roles, from the revenue manager to the VP of revenue, the GM to the CCO. All aspiring and active hotel revenue leaders need automated, smart technology to guide them through critical tasks and to build a sustainable culture of revenue amid shifting and uncertain market dynamics.

OWNER

As an owner, you are fixated on increasing asset value and driving the bottom line within a compressed timeline. Find a technology solution that bolsters your portfolio's performance by optimising profits.

HOTEL EXECUTIVE

Hotel executives are laser-focussed on improving operational efficiencies through an integrated technology stack. Put your trust in technology that seamlessly integrates with your existing systems.

GENERAL MANAGER

General managers are more than likely short on time and needed in every department. Leverage the best-of-the-best in technology to improve the day-to-day property management.

REVENUE MANAGER

Most revenue managers face the mounting pressure from OTAs, Airbnb, and emerging competition in the market. It's time to consider that your current processes might be holding you back.

> " Our RMS eliminates much of the manual process, and as a result, gives us time to develop a more sophisticated, strategic understanding of the pricing of our suites, while yielding the casino which we were not able to do before. "
>
> **The Venetian Las Vegas Hotel, Resort & Casino**

A Solution for
All Accomodation Types

Whether you are an economy hotel or part of a large enterprise, casino located in the city centre or resort on a destination island, you all face similar yet extremely different revenue and cost-savings challenges in trying to drive profit. While an extended-stay or serviced-apartment hotel needs a solution that maximises profits based on lengths of stay of each guest, a casino's profit is highly dependent on ancillary revenue and guest spend on the floor. A campground's pricing strategy would look very different from a full-service hotel's and be more seasonal.

When it comes to revenue technology, one size does not fit all, and extracting the most value from your hotel's business model is an art form that takes practice, persistence, and perfection. Regardless of what your property's needs are, your business needs a versatile revenue solution you can count on to grow with your brand and scale as your business expands and your needs shift.

> " As we grow our serviced apartment presence, we knew we could no longer maintain a truly competitive pricing strategy without the benefits of a complete, robust RMS. With an automated, centralised revenue solution, we have great confidence in our ability to expand profitably and efficiently. "
>
> **SMARTments**

ACCOMODATION TYPES

RESORTS

CASINOS

LUXURY

FULL-SERVICE

ECONOMY

EXTENDED STAY
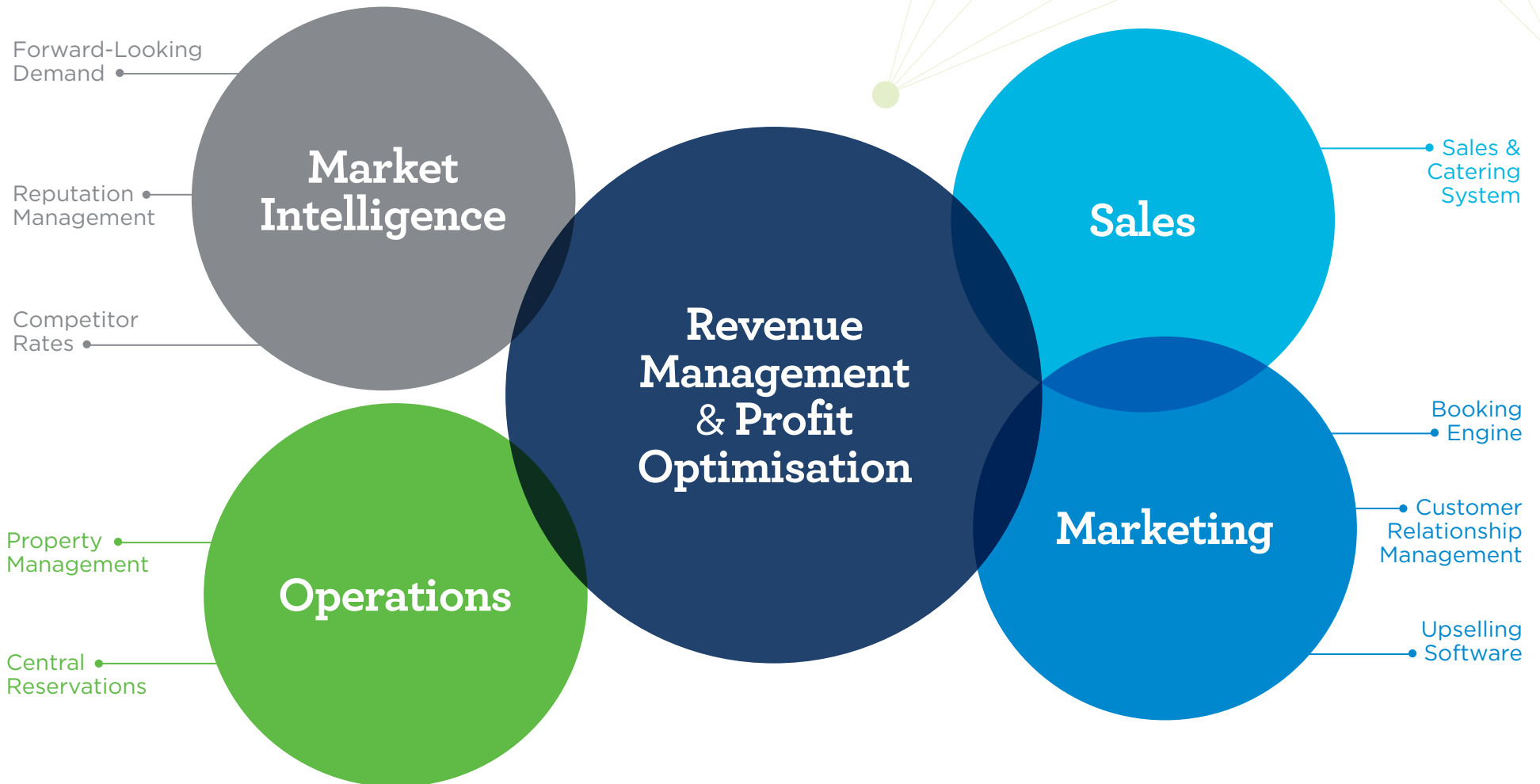
SERVICED APARTMENTS

OUTDOOR ACCOMODATIONS
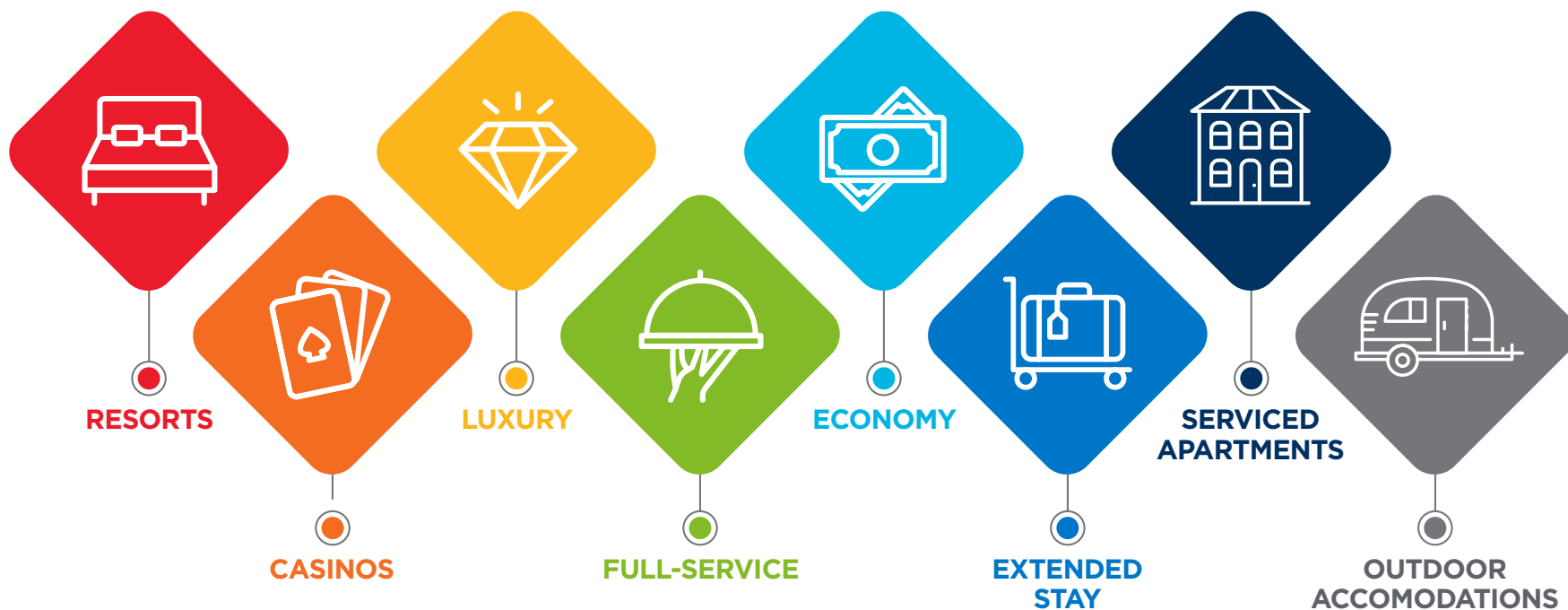
❝ Our RMS has enabled us to price more competitively, yield out the non-profitable business mix, and make more strategic decisions about groups. The gains are enormous. **❞**

Loews Hotels & Resorts

A Connected Ecosystem
for Commercial Success

A seamless, granular data integration between your RMS, PMS, CRS, CRM, booking engine system, market data, and other revenue streams is imperative to drive your hotel's total profit optimisation.

Forward-Looking Demand

Reputation Management

Competitor Rates

Market Intelligence

Revenue Management & Profit Optimisation

Sales

Sales & Catering System

Property Management

Central Reservations

Operations

Marketing

Booking Engine

Customer Relationship Management

Upselling Software

> " In this unpredictable environment, we must be able to rely on data and technology to support us with clear, accurate forecasts. Having a strong RMS in place will help us maximise revenue growth and focus on strategy without needing to constantly be crunching numbers. "

Saranac Waterfront Lodge

Solution Evaluation - Step 1:
Understand the Technology Differences

All revenue management platforms are not created equal. In fact, many claiming to be are not in fact "true" revenue management systems. When assessing revenue management technology vendors, it's important to know how to spot some critical differences.

GOOD

Pricing System – Many hospitality organisations rely on these systems to vary room rates and yield in order to grow revenue. Though these systems can provide information via reports and support rate changes, they are still largely reactionary, rules-based in nature, and are unable to produce advanced inventory controls or provide deep analytics. Consider them a tool in your manual spreadsheet pricing process.

BETTER

Revenue Management System – An RMS is as critical as the property management system it integrates with. By breaking down big data, a true RMS delivers accurate and actionable data driven insights and decision empowerment. Through advanced automation and flexible controls, users can trust sophisticated analytics to maximise productivity, optimise business mix and capacity, enhance profitability, and improve the guest experience.

BEST

Connected Technology Ecosystem – With market and competitive pressures, we are seeing a shift away from optimising room revenue to optimising the total expected profit from a guest, considering all revenue generated and costs incurred (guest rooms, meeting rooms/function space, tables, golf, spa, and more).

Your organisation's complete technology stack, despite being made up of multiple solutions, should operate as one well-oiled revenue machine. An advanced RMS will act as your central solution to this overall ecosystem with data flowing between all tools to enable total profit optimisation across all revenue streams.

Solution Evaluation - Step 2:
Asking the Right Questions

When evaluating various RMS solutions on the market, you must carefully consider the scale of your operations, level of business demand, and sophistication of existing systems. When specifically comparing RMS solutions, you should ask:

Does the RMS analytically and automatically produce and distribute pricing and inventory control decisions to the selling system?

Is the solution able to price and optimise all types of business segments while taking into account their impacts on each other?

How nimble is the system to automatically adapt to demand disruptions and market conditions?

With demand being unpredictable, is the system able to optimise the most profitable business?

> **❝** I'm a huge believer in RMS technology. Our industry needs to do a better job embracing and trusting these systems. Forecast accuracy drives everything you do, and an accurate RMS will pay for itself 10 times over. **❞**
>
> **Remington Hotels**

Does the system have the capabilities now or plans in the future to optimise based on profits?

What is the support model for the users of the system? How will they be trained?

Who can deliver a partnership experience that helps us build, measure and optimise the adoption and impact of the solution?

Does the system's pricing approach align with your unique business model?

How does the solution help us break down silos across the organisation with sales, marketing, and distribution?

> **❝** We're a small, single asset—a soft brand that's using very sophisticated technology to boost performance. It's worked very well for us—the numbers don't lie. **❞**
>
> **Best Western Plus Nottingham Westminster Hotel**

Solution Evaluation - Step 3:
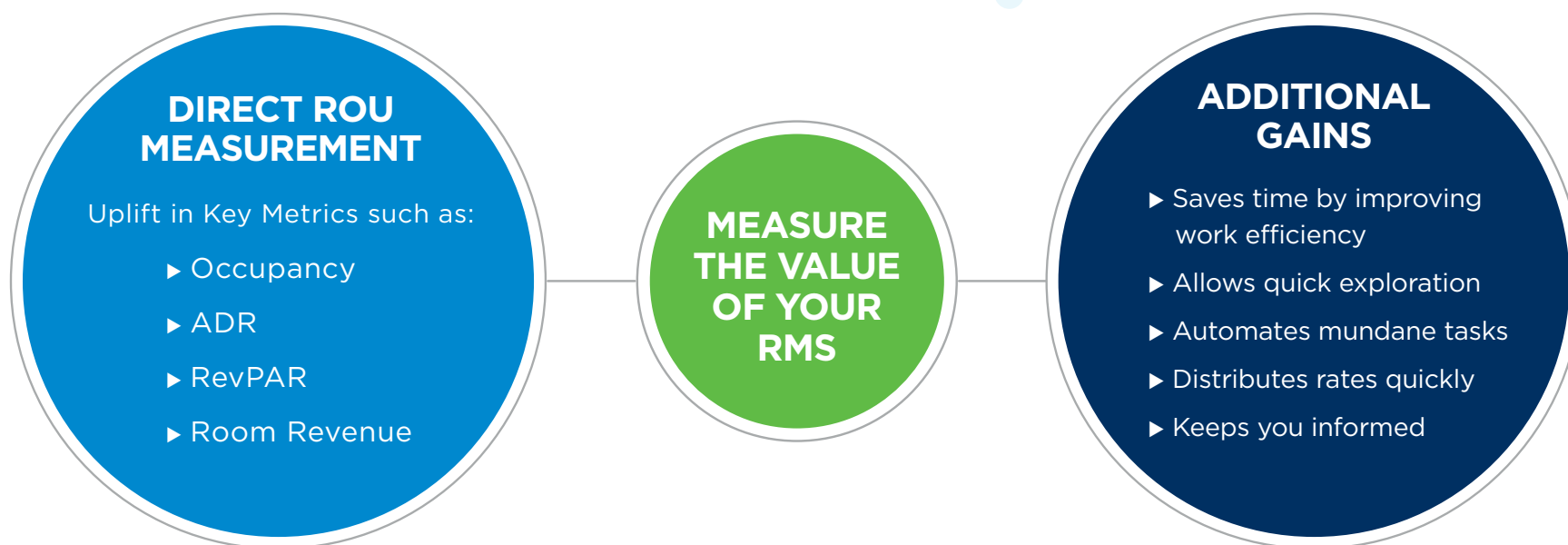## Weigh the Options

As with any major decision, it's important to assess your options and get a complete view of system capabilities. Make sure it checks all your boxes to meet your business needs. As you advance through your evaluation process, use this comprehensive checklist as your ultimate consideration tool.

	IDeaS	SOLUTION 2	SOLUTION 3
ANALYTICAL POWER			
Delivers timesaving, automated analytical decisions that determine pricing and rate availability by room type	✔	○	○
Uses adaptive data insights to enable the solution to react quickly to demand shifts and ignore irrelevant data	✔	○	○
Provides multiple pricing approaches that drive maximum revenue	✔	○	○
Continually learns and adapts to ensure overrides and external data points produce optimal outputs	✔	○	○
Leverages data science and machine learning to drive granular data analysis and forecasting of transient and group	✔	○	○
Folds competitor rates, future demand data and reputation analysis into analytics for superior performance	✔	○	○
ADVANCED AUTOMATION			
Offers scenario simulation analysis to test pricing strategies in advance of deployment to selling systems	✔	○	○
Displays reasoning behind demand forecasts and pricing decisions	✔	○	○
Deploys decisions into selling systems automatically with verified delivery	✔	○	○
Automates tactical activities and alerts users to critical tasks so they can spend time more strategically	✔	○	○
Provides informative at-a-glance dashboards, heatmaps and actionable reports that keeps teams up to date	✔	○	○

	IDeaS	SOLUTION 2	SOLUTION 3

ACCESSIBILITY & INTEGRATIONS

	IDeaS	SOLUTION 2	SOLUTION 3
Provides cloud-based, SaaS technology and mobile app to utilise systems at all times from anywhere	✔	○	○
Connects with hospitality technology across the organisation using the most granular data possible	✔	○	○
Tailors to fit individual property requirements and business needs	✔	○	○
Evaluates profitable groups and maximises workflows via seamless two-way connectivity to sales & catering systems	✔	○	○
Integrates advanced operational forecasting and budgeting for rooms and non-room revenue streams	✔	○	○

REVENUE MANAGEMENT EXCELLENCE

	IDeaS	SOLUTION 2	SOLUTION 3
Adopts a holistic revenue strategy that grows with your needs	✔	○	○
Ensures a robust revenue culture that eliminates data, strategy and people silos	✔	○	○
Provides tools that drive revenue beyond the guest room to meet total hotel performance goals	✔	○	○
Visualises data, trend analysis and custom reporting across multiple properties	✔	○	○
Offers the ability to optimise by revenue or profit to drive growth to top or bottom lines	✔	○	○

COMPREHENSIVE SUPPORT

	IDeaS	SOLUTION 2	SOLUTION 3
Supports teams with experienced revenue professionals committed to elevating revenue performance	✔	○	○
Delivers best-in-class training and ongoing coaching to ensure the highest return on technology investment	✔	○	○
Provides access to expert technical and strategic support 24/7/365	✔	○	○
Ensures smooth operation via online support portal, informative resources and ongoing expert guidance	✔	○	○
Provides certification of users to ensure full engagement and competency with solution	✔	○	○

PARTNER EXPERIENCE, EXPERTISE & CREDIBILITY

	IDeaS	SOLUTION 2	SOLUTION 3
Commits to support every step of a client's revenue journey even during uncertain times	✔	○	○
Provides confidence to make the most informed and profitable pricing decisions possible	✔	○	○
Measures and reports the true impact and ROI the RMS delivers to the property	✔	○	○
Continually innovates to make revenue management tasks easier and organisations more successful	✔	○	○
Operates as a financially stable solution provider dedicated to revenue management excellence	✔	○	○

Understand the True Impact
of your RMS

The RMS plays a crucial role in the hotel technology ecosystem, driving greater profitability and productivity, but demonstrating return on investment (ROI) in a hotel's RMS goes deeper than year-over-year RevPAR uplift measurements. To ascertain ROI, many often look to their performance over the previous year. But there was skepticism with attributing all positive growth to new technology without accounting for uncertain market conditions, changes in business practise, fluctuating economic climates and convention calendars. This is where a better formula, called revenue opportunity uplift (ROU) provides a more authentic picture under any circumstances.

DIRECT ROU MEASUREMENT

Uplift in Key Metrics such as:

▶ Occupancy

▶ ADR

▶ RevPAR

▶ Room Revenue

MEASURE THE VALUE OF YOUR RMS

ADDITIONAL GAINS

▶ Saves time by improving work efficiency

▶ Allows quick exploration

▶ Automates mundane tasks

▶ Distributes rates quickly

▶ Keeps you informed

In a competitive hotel environment, owners who want to maximise returns and improve the value of their assets should take an active interest in revenue management. Through utilising the ROU measure, hotel operators also have a powerful way to demonstrate the financial benefits of revenue management to owners and show a true ROI.

Revenue Opportunity Uplift

ROU can be generated by advanced revenue management systems that automatically calibrate your gains using sophisticated machine learning techniques and statistical measurements, that neutralise the variables outside the system's control, like market conditions and competitor activity, so you can understand the direct value delivered by your RMS. This approach results in the most accurate gain estimates and allows you to view improvements in important KPIs such as occupancy, ADR, RevPAR and Total Revenue.

IDeaS A SAS COMPANY

What would your hotel do with more revenue?

Use our uplift calculator to discover what's possible with IDeaS.

CALCULATE YOUR UPLIFT

> " It's a competitive market out there, and we must grab every opportunity we can. We can upsell when we can, but when we cannot, we need to stay competitive. This aspect is difficult for humans to manage, and that's where revenue management technology becomes essential. "
>
> **Belvedere Hotel Mykonos**

IDeaS, a SAS company, is the world's leading provider of revenue management solutions and consulting services. Combining industry knowledge with innovative, data-analytics technology, IDeaS creates sophisticated yet simple ways to empower revenue leaders with precise, automated decisions they can trust.

Results **delivered.**
Revenue **transformed.**

Discover greater profitability at **ideas.com.**

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