



# Revenue Management

# What Is Revenue Management?

“The process of understanding, anticipating and influencing consumer behavior in order to maximize revenues.”

- Historical data
- Competitor's pricing / Specials
- Distribution Channels – flash sales
- Yield Management

# Historical Data

## Pace

- How are we doing compared to previous years
  - Groups
  - Wholesalers
  - Direct Business

## Average Rate

- average rate is a function of the property's target market, location and product.

# Historical Data

- Occupancy
  - Higher occupancy is not always good!
    - Optimizing rate with occupancy
    - Balance between fixed costs (strata fees) and variable costs (utilities)
  - Without occupancy we can't get revenue
    - We don't want to price ourselves out of the market
    - Will result in low occupancy = low revenue

# Rates

Studio Garden View (which on is The Sands?)

\$309

\$310

\$325

\$335

Ocean Club - \$309

Royal West - \$310

Alexandra - \$325

Sands at Grace Bay \$335

3-4 star market consumer is price sensitive!

# Specials

## Royal West Indies

- Receive 30% Off on all categories
  - June, Oct, Nov, Dec
  - 50% off when factoring Wholesaler
- Receive 40% Off on all room categories
  - July – Sept
  - 60% off when factoring Wholesaler

# Specials

## Alexandra Resort

- 4th night free
  - June - December
  - Save 40% on the fantastic 2-bedroom suites
  - Please note this property fell into receivership as of June 12 2012
- Christmas 2012 Booking Bonus
  - 20% off
- 2013 Early Booking Bonus
  - 20% off
- Reserve 8 rooms and get 2 rooms free groups
  - 20% loss on groups

# Specials

## Windsong (opened 2009)

- up to 55% off our suites
  - \$100 for food and beverage

## Seven Stars (3<sup>rd</sup> mgt team)

- Receive 35% off Ocean Front Suites
  - Receive \$200 Resort Credit

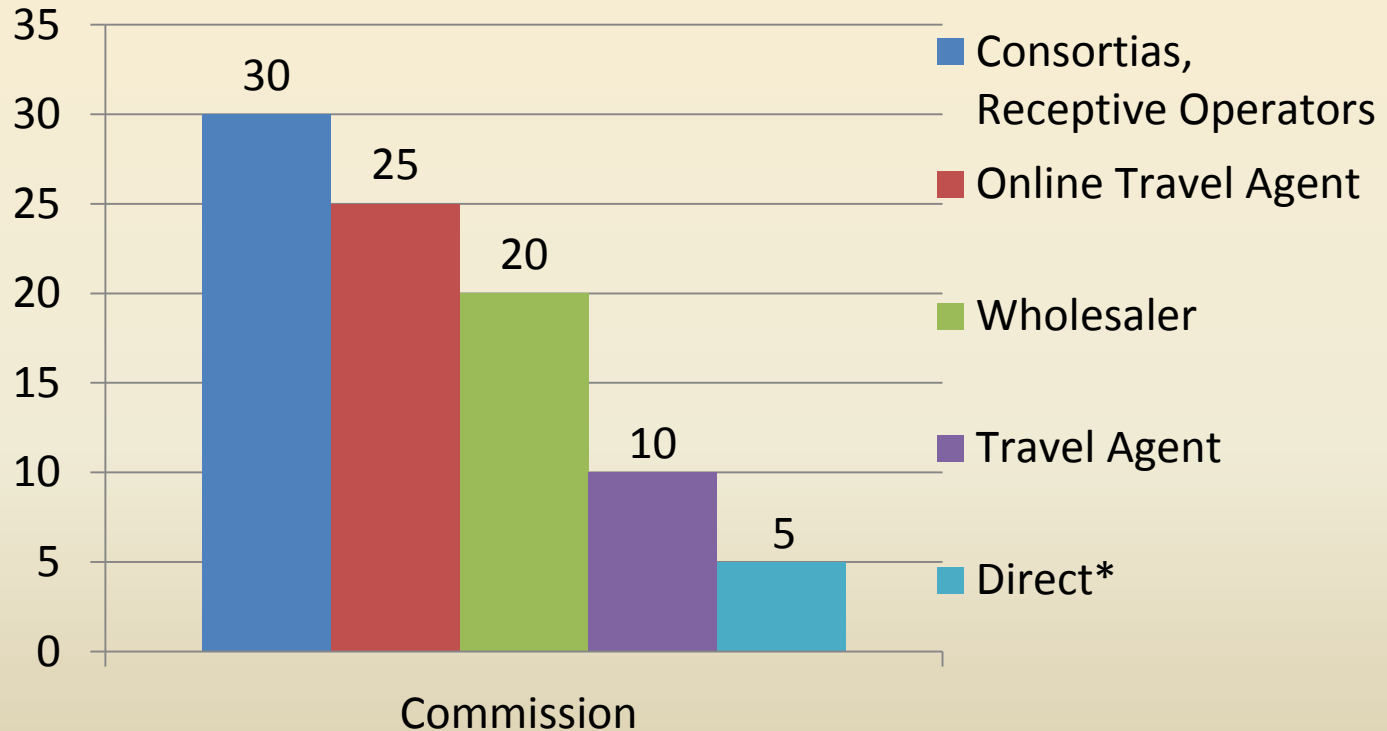
# Specials

## Sands (1998, 1 Mgt Team)

- 4<sup>th</sup> night free
  - Average length of stay 5.4 nights
  - Majority (5 nts = 20%, 6 nts = 17%, 7 nts = 14%)
- 5<sup>th</sup> night free Early Booking Bonus 2013
  - Counter Alexandra 20% off
  - Booking pace decreased for future bookings

# Distribution Channels

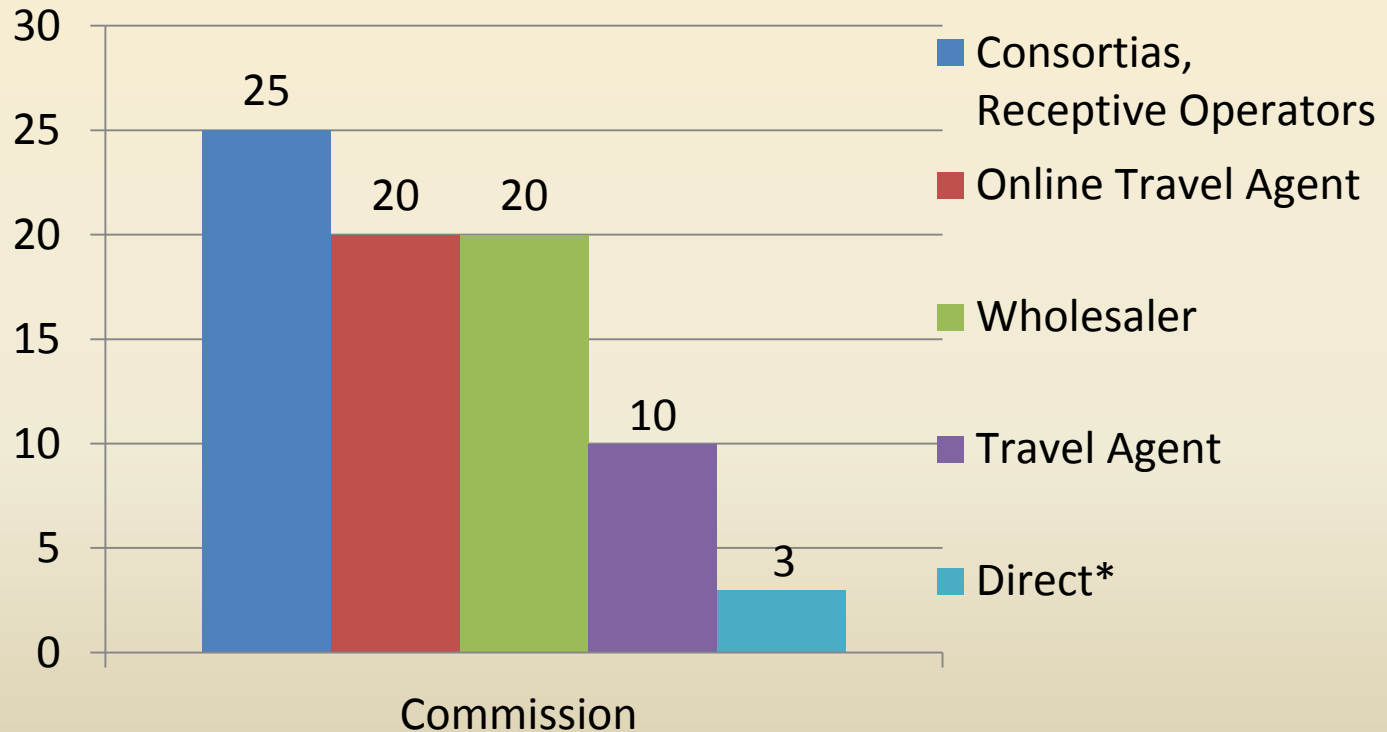
## Standard Industry Margins



\*Direct bookings include Global Distribution System (GDS) and online booking engine

# Distribution Channels

## The Sands Margins



\*Direct bookings include Global Distribution System (GDS) and online booking engine

# Distribution Channels

Is direct business is better?

- OTA spend millions in advertising – Expedia, Orbitz
- Consortias, Receptive Operators target Wholesalers (South America and Europe)
- Wholesaler targets travel agents directly
- Agents offer packages (flight and hotel)
- Agents offer perks (trip insurance)
- Access to various memberships
  - American Express Card members
  - Costco

# Distribution Channel

Control and Optimize

Control

Ability to turn on and off

Optimize direct booking channel

Social marketing initiatives

New website design

Repeat guests

# FLASH SALES

The business model for these types of sites are based on steep discounts while giving you a limited time to book

- Push a lot of revenue to the hotel in a short period of time in distressed periods
- 2011 was very successful
  - \$110,000 revenue in 1 week
  - 80% booking in September and October early December (need period)

# FLASH SALES

## Things to keep in mind

- Restrict number of rooms, dates, length of stay.
- Strategy used when booking pace is behind
- Statistics show that 70% of bookings are made by people who had not planned to take a trip before being presented with the offer.
- A way to reach a lot of new customers
- Opportunity to entice a return visit

# Summary

- Maximize revenue during peak periods
  - Group Demand Analyzer (GDA)
  - Displacement tool
  - Pace Reporting
  - Forecast reporting
  - Revenue meetings
- Yield revenue in slower periods
  - Length Of Stay (LOS)
  - Close To Arrival (CTA)
  - Close to Departure (CTD)
  - Minimum Length of Stay (MinLS)
  - Maximum Length of Stay (MaxLS)
  - Time of booking (same day?)
  - Over booking

Questions ???