

# (R)Evolution:

## *The Changing Landscape of Revenue Management & Distribution*

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# Setting off on the right path



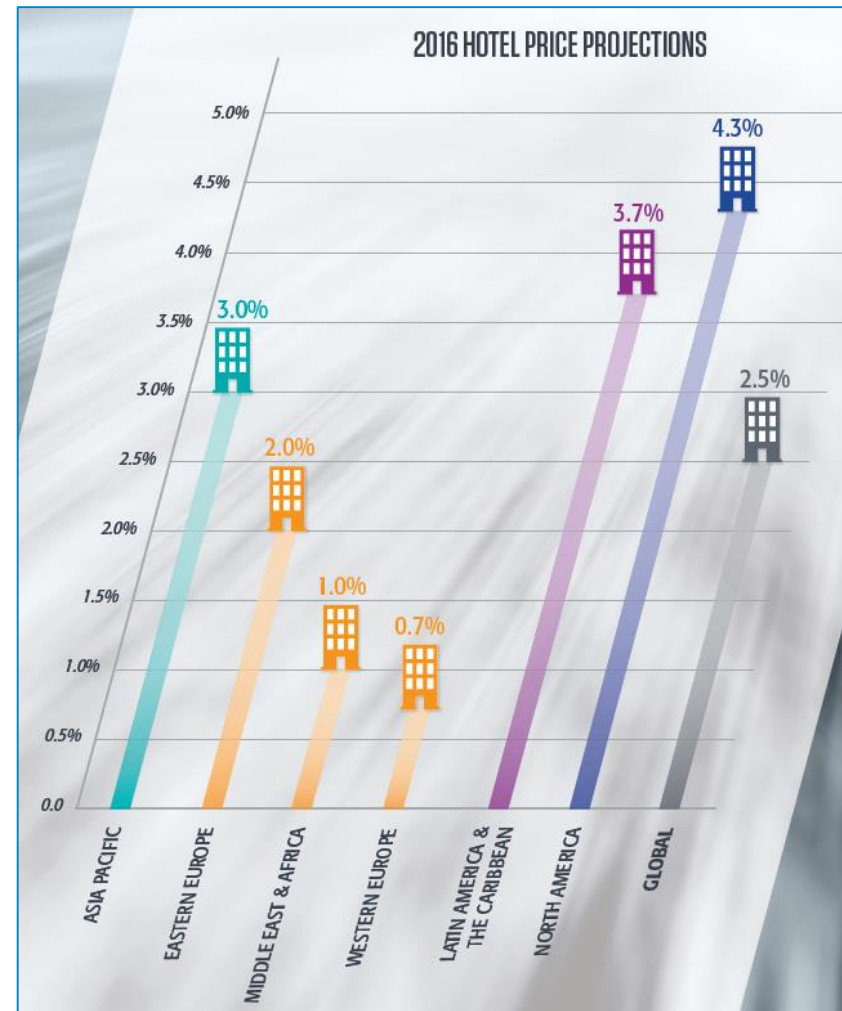
# Economic Outlook: Encouraging News

## HOTEL PROJECTIONS: GLOBAL OVERVIEW

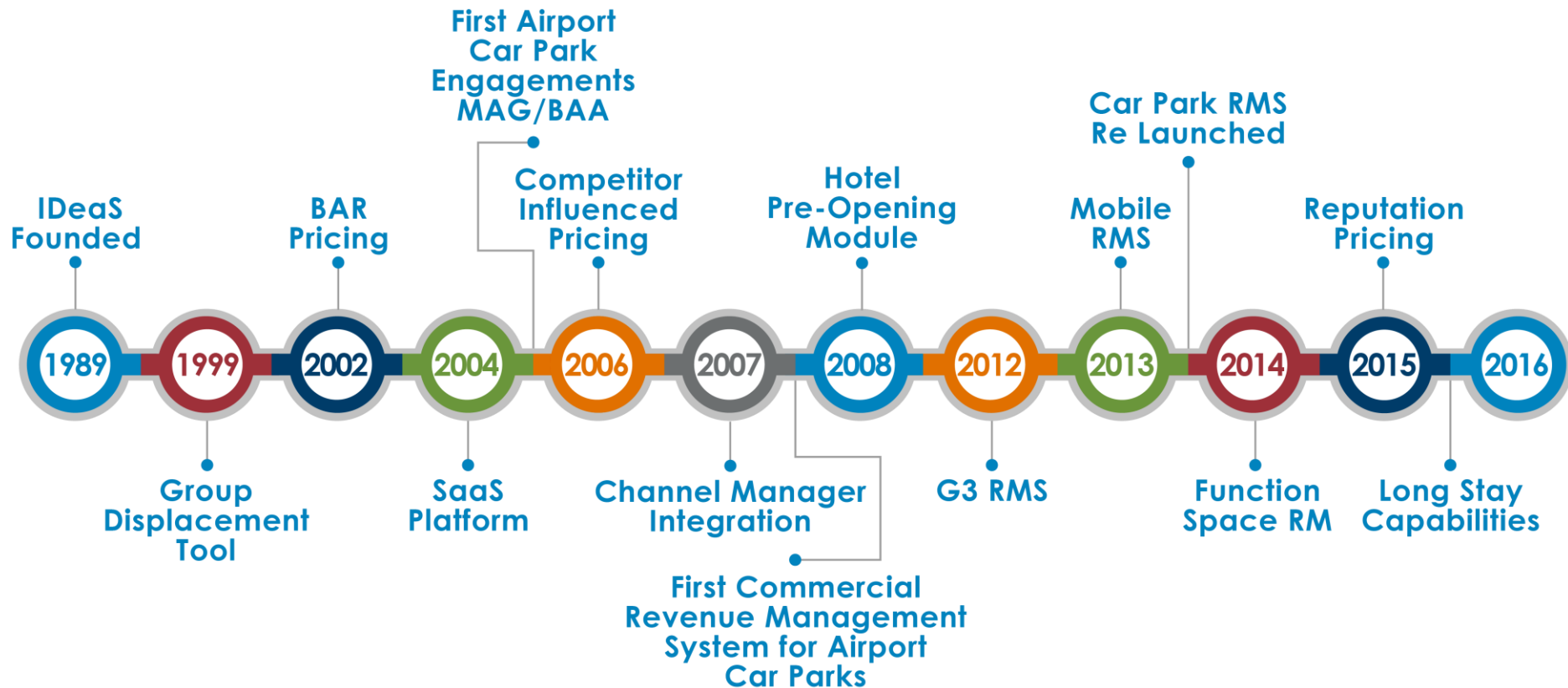
### Hotel prices up globally in 2016

As hotels continue looking to maximize **ancillary fees**, we're seeing them begin testing different terms and price points for amenities such as WiFi, minibar charges and room service. And they have begun to enforce more stringent **cancellation policies**. Hotels will also continue to pursue **dynamic pricing agreements** as yield management strategies evolve across the industry.

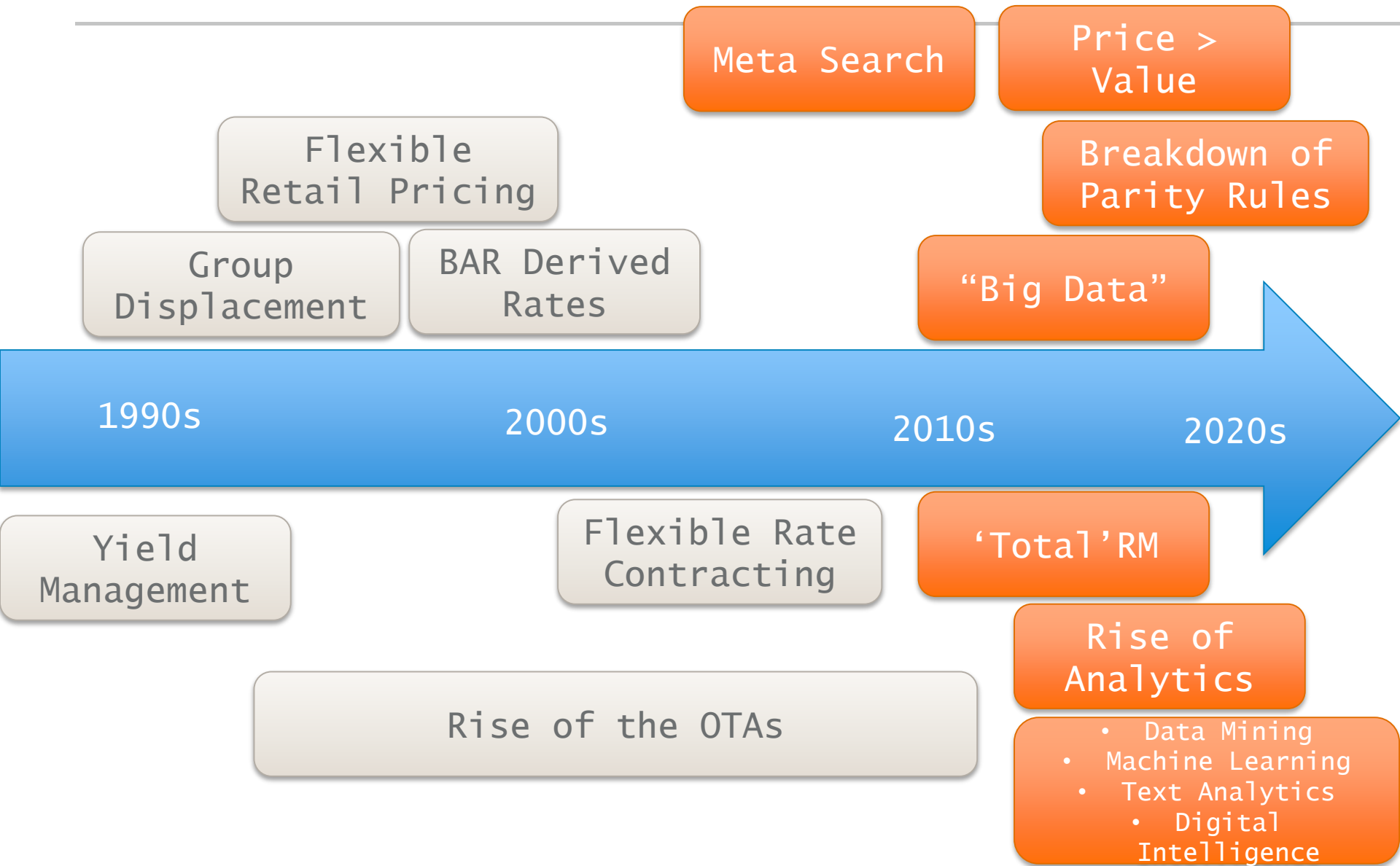
More small and mid-sized hotels are establishing an **online presence**, driven by demand from an increasingly digital world. Double-digit growth of the **sharing economy** could present a threat to traditional hotels, though safety remains a concern that could limit its growth in corporate travel.



# This have always changed.....and fast!



# Revenue Management evolution



# Where Evolution meets Innovation...

Flexible  
Retail Pricing

BAR Derived  
Rates

Best Available Rate Pricing

- Fold-in derivative rates
- Account for competition

Flexible Rate  
Contracting

- Account for Derived Rates in Pricing
  - Management of Rate Availability

Total RM

- Expanding into other disciplines
- Rational and disciplined approach

“Big Data”

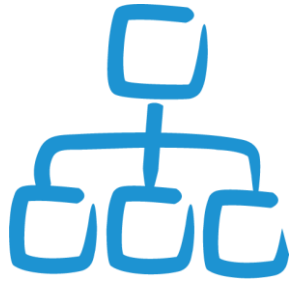
Rise of  
Analytics

- Application of both descriptive and predictive analytics

# How is the established 'mantra' coping?

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You've all heard this...



Right Channel



Right Product



Right Customer



Right Price



Right Time



# The market is changing!





# What about consumer sentiment?



Right Customer



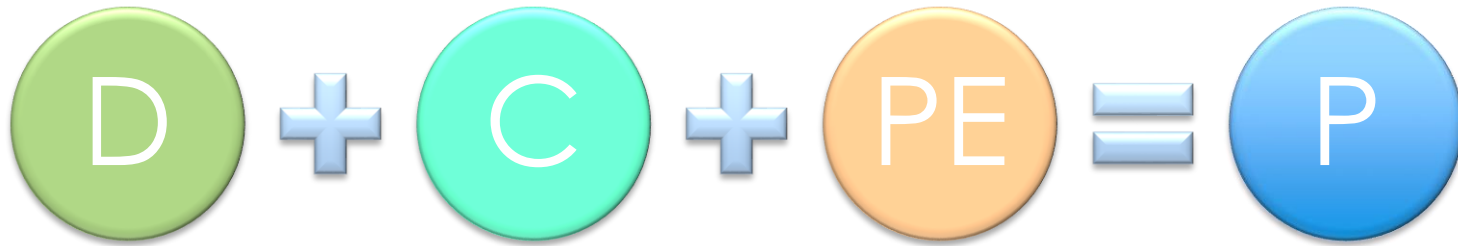
# How are we handling cost of acquisition?

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# What about price optimisation?

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Demand

+ Capacity

+ Price Elasticity

= Price Strategy



Right Price



Right Time

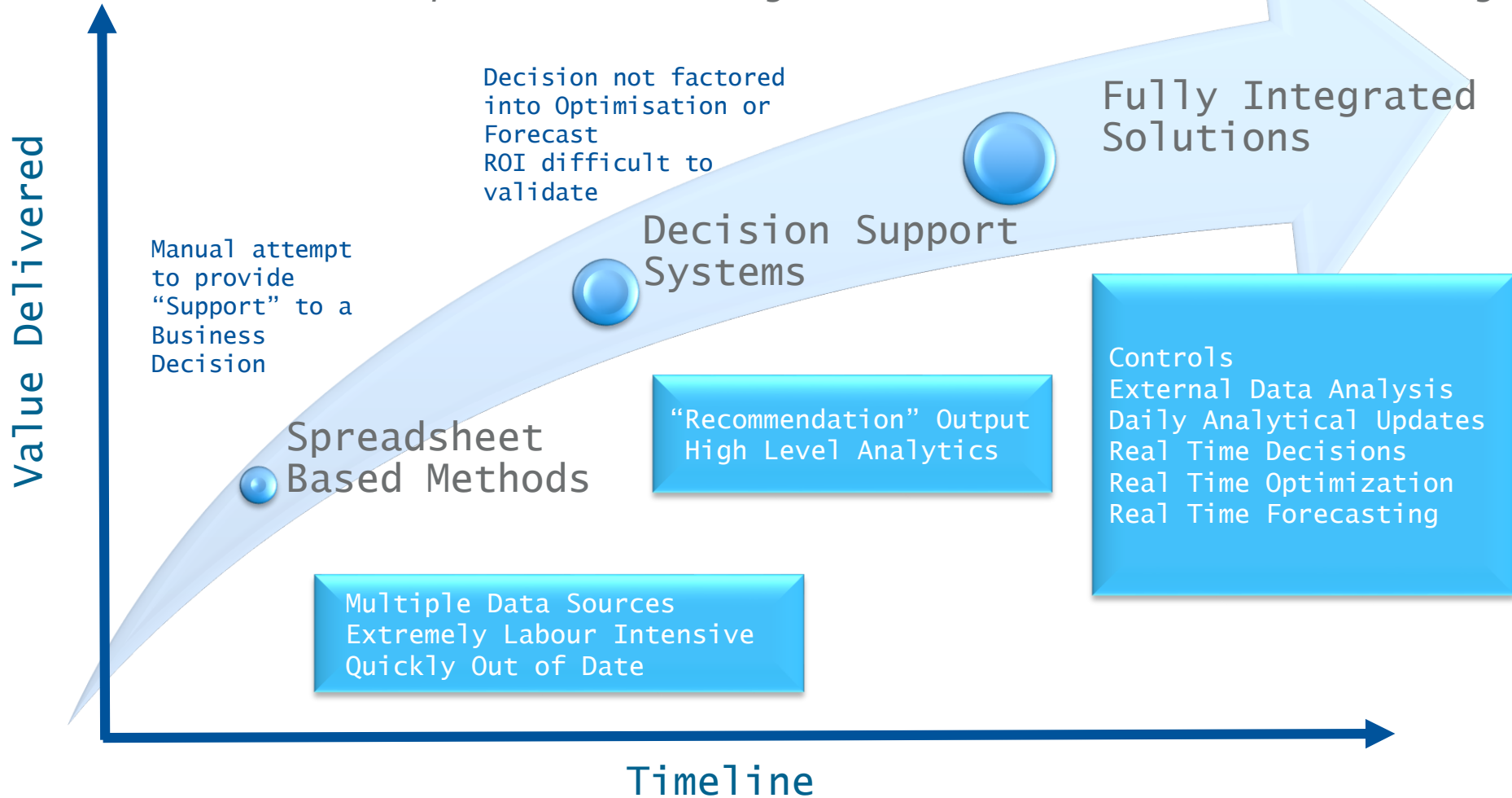
# The Big Data Challenge

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# Tackling the 'Big Data Challenge'

*How do we drive competitive advantage with data-driven decision making?*



More data demand = greater analytical demand!

Probability of cancel and rebook

Booked versus Stayed

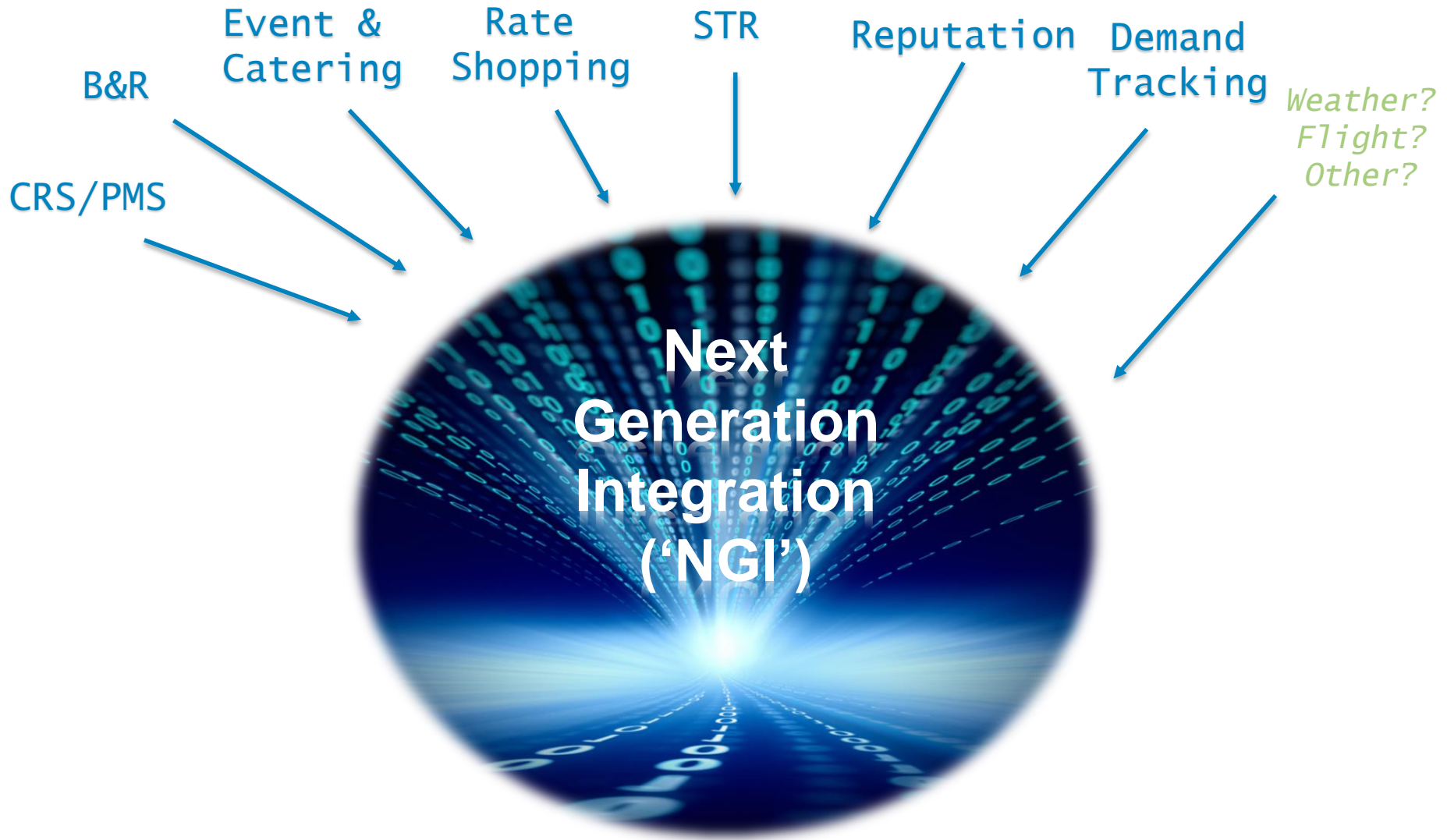
Continuous Pricing

Reputation influenced BAR

Demand360

Room-type forecasting & Pricing

# What data is going into the optimization process?





# 'Big Data' needs Actionable Insight





# The Big Data Challenge:

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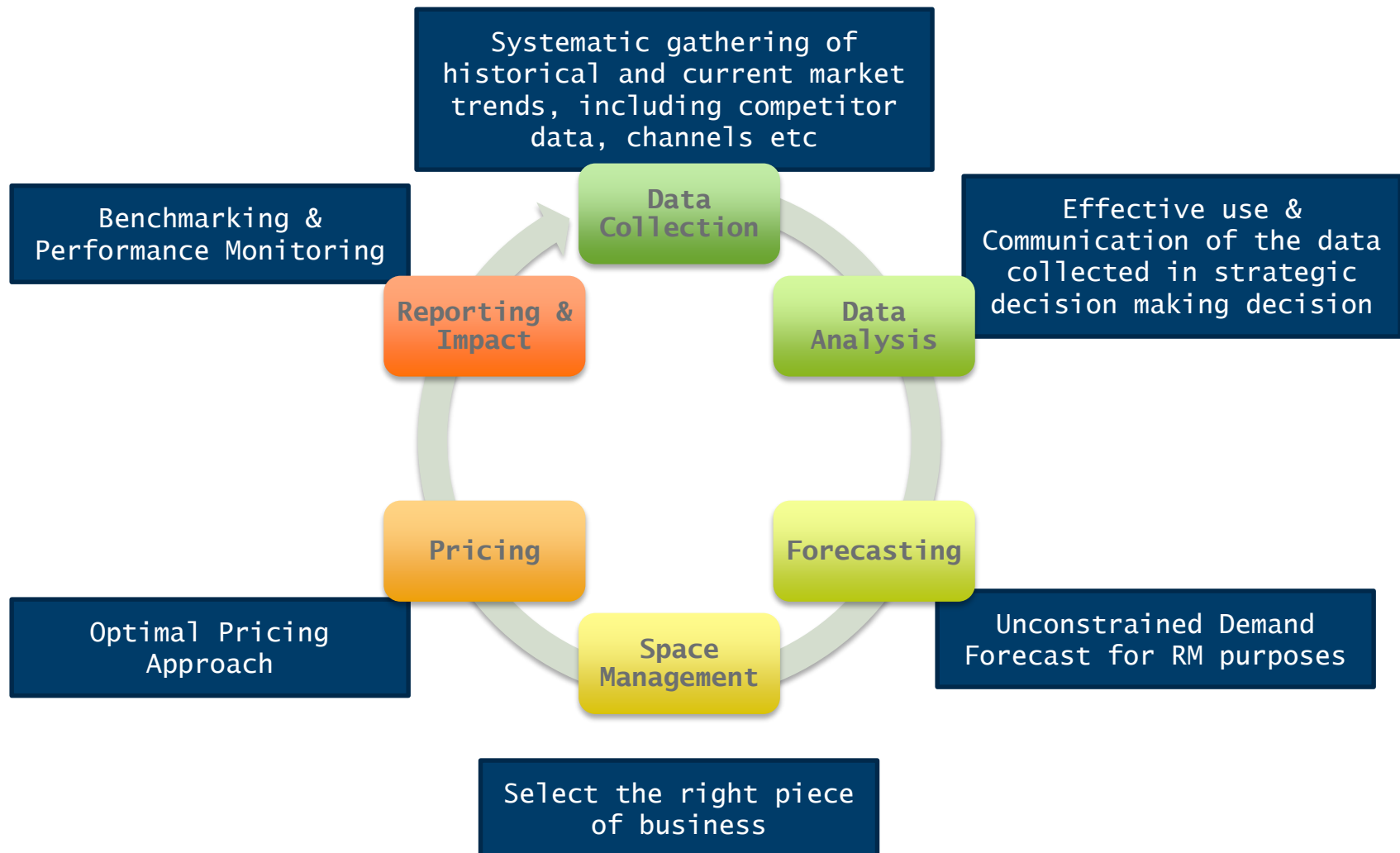
- Work towards full data-driven decision making with fully integrated solutions
- How are we handling the volume, variety & velocity of big data sources
- What is relevant data, what is 'noisy' data?
- Are we business-ready for enhanced data visualisation?

# Holistic Business Optimisation

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*“Understanding and improving each area of the **Revenue Management Cycle** will allow you to target your growth effectively”*



# Progressing towards holistic business optimization

## Business Opportunity

BAR/ Retail

Rates linked to BAR?

Accounting for:  
fixed price rate demand  
derived qualified rates

What Group business  
should be accepted and  
at what price?

Lost revenue through  
cancellations and no  
Shows

## Revenue Optimization

**Best Available Rate  
Pricing:**  
By length of stay or by  
day

**Last Room Value:**  
Flexibility when managing  
rate availability based on  
value

**Group Pricing:** Assess  
profitability of enquiries  
and price confidently

**Dynamic Overbooking:**  
Maximise utilization

# Holistic Business Optimization

*Responding proportionately to all the business challenges*



Forecasting Total Unconstrained Demand by segment



Robust demand and market-relevant pricing decisions



Determining and achieving optimal business mix



Accounting for cancellations and no-shows



Dynamic evaluations of Group profitability



Managing an ever more complex distribution network



# Holistic Business Optimization:

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- Assess our readiness through the ‘revenue management cycle’
- Responding proportionately to all the business challenges goes deeper than transient and OTA segments
- Optimize both pricing AND inventory together
- Seize the opportunity to maximize revenues across all segments and all room types



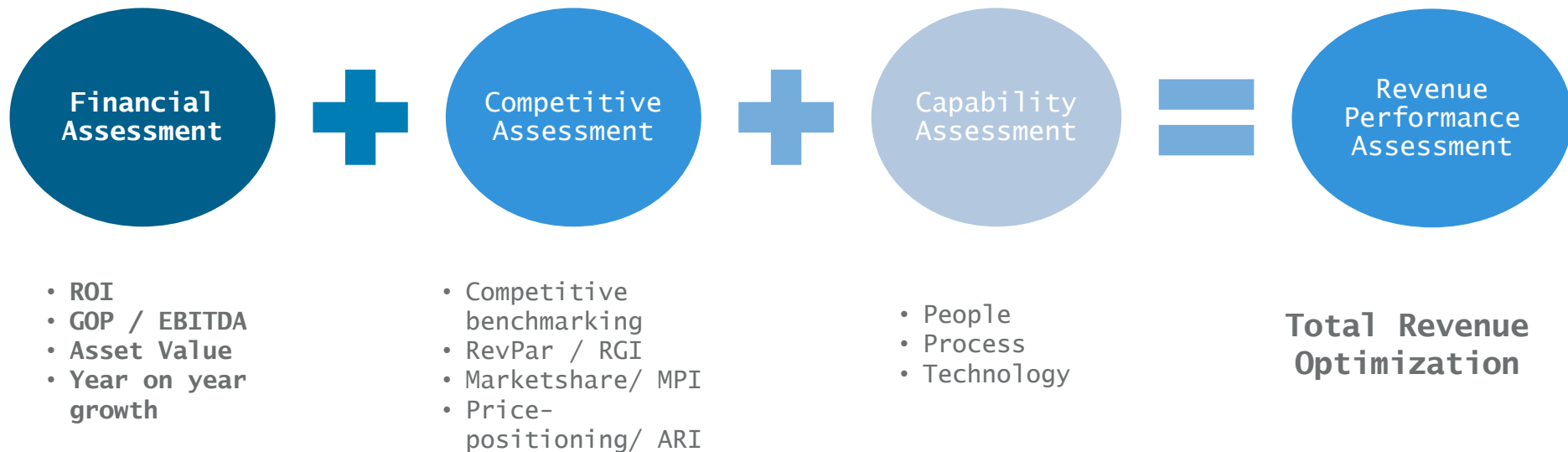
# Driving Asset Performance

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# Driving asset performance with RM capabilities

Are you effective in the application of revenue & pricing optimization?



# Revenue Management in the Service Industry

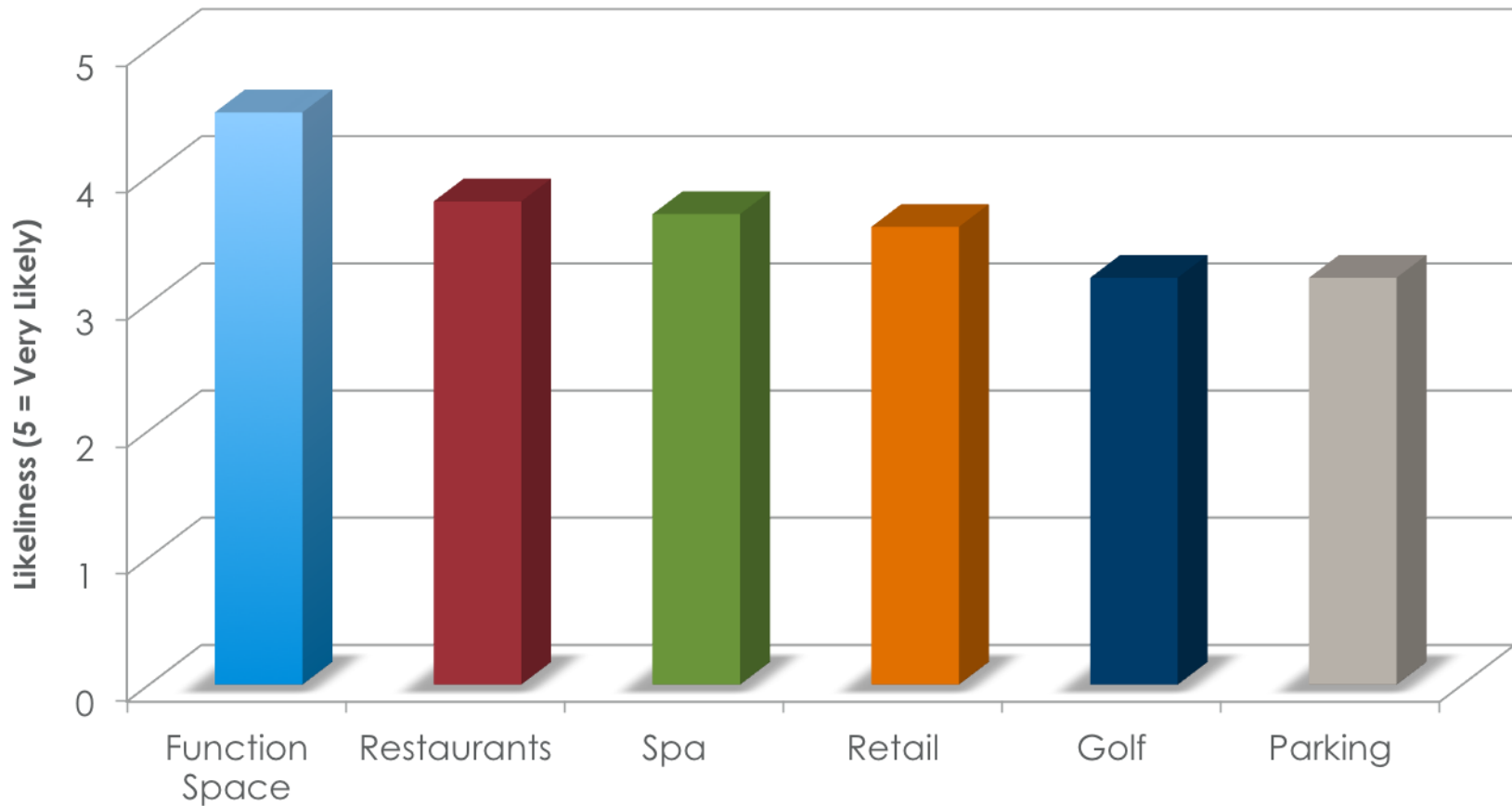
		Price	
		Fixed	Variable
Duration	Predictable	<u>Quadrant 1</u> Movies Stadiums/Arenas	<u>Quadrant 2</u> Hotel Hostels Airlines Rental Cars Cruise Lines
	Unpredictable	<u>Quadrant 3</u> Restaurants Golf Courses	<u>Quadrant 4</u> Continuing Care Hospitals

Source: <The Strategic Levers of Yield Management> Sheryl E. Kimes Cornell University



# Journey towards Total Revenue Performance

*Greater profit optimization from property assets*

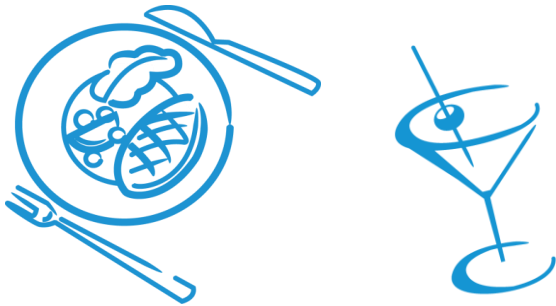


Source: Sherri Kimes, Professor of Operations Management at Cornell University

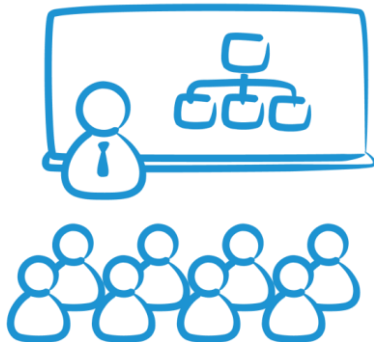
# Focus on translating to Profit KPIs



Profit Per Available Room per Day  
**GOP**paR(**D**)

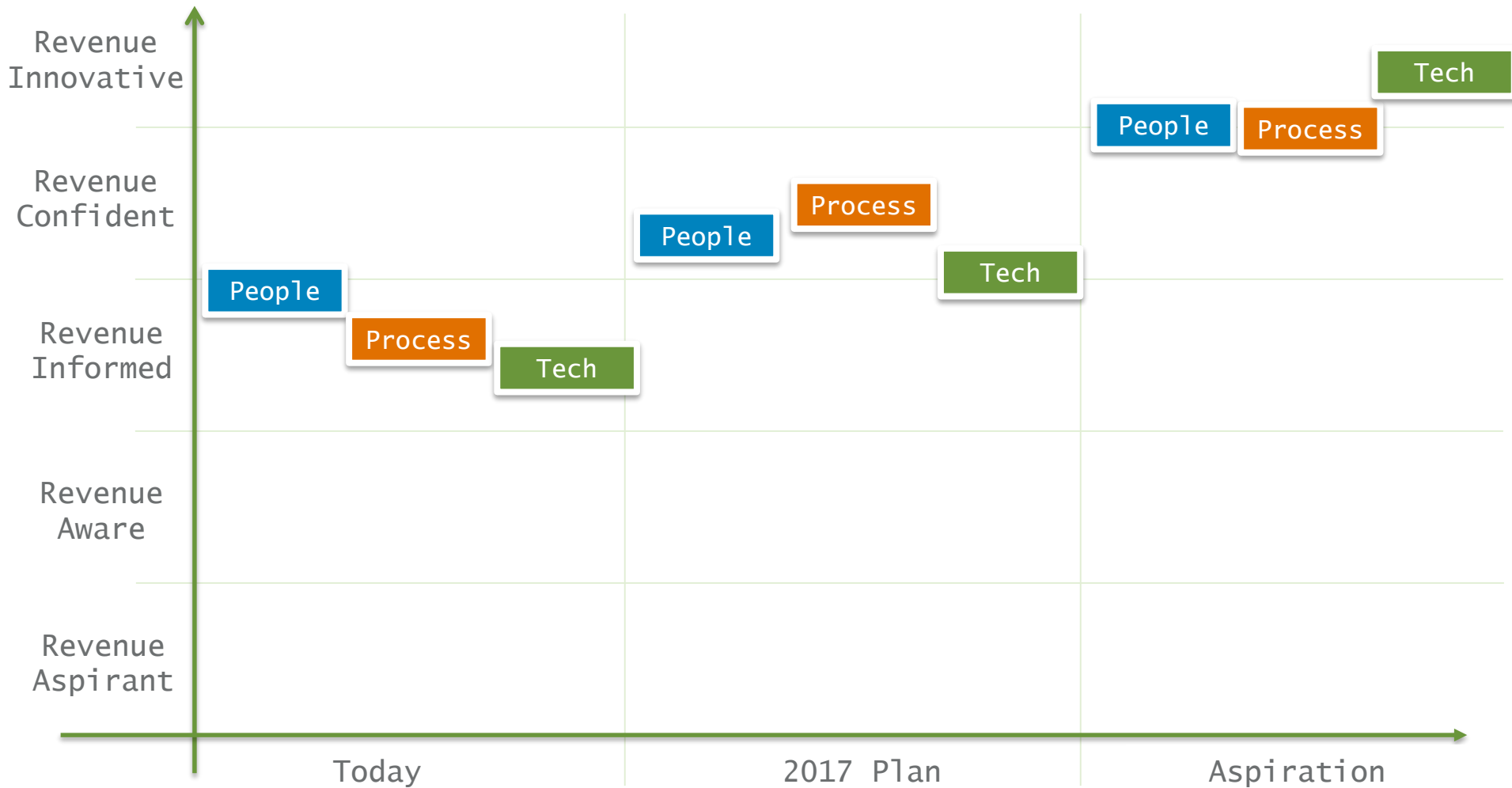


Profit Per Available Seat Hour  
**PRO**pa**S**H



Profit Per Available Space Time  
**PRO**pa**S**T

# Path to sustainable enterprise performance





# Sustainable enterprise performance:

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- Financial, Competitive & Capability assessment = path to total revenue optimisation
- Move beyond guest-room RM and drive greater asset profitability
- Tackle people, process and technology together, to reach revenue innovation status



*Win the Big Data  
Challenge*

*Embrace Holistic  
Business  
Optimization*



*Drive asset  
performance - go  
Beyond guest-  
rooms RM*

*Grow enterprise  
performance with  
innovative  
people, process  
& technology  
capabilities*

# Thank you!

Neil Corr, IDEaS



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