

THE NEW REVENUE TEAM

From maximizing efficiencies, to eliminating silos, to prioritizing automation — the pandemic has accelerated the evolution of hotel revenue optimization.



The New Revenue Team

By Christopher Durso

From maximizing efficiencies, to eliminating silos, to prioritizing automation — the pandemic has accelerated the evolution of hotel revenue optimization.

During an HSMAI Executive Roundtable for hotel chief revenue officers on Oct. 6, participants were asked to share a positive change that they or their company has implemented in response to the pandemic crisis that will be instrumental to recovery.

Responses varied, but several themes emerged, including centralizing revenue optimization across properties, collaborating more closely with other departments, and better leveraging data and analytics.

This is the blueprint for the new revenue team. Like everyone working in hospitality during COVID-19, revenue optimization professionals have had to do more with less. Increasingly lean, they have been forced to adapt, improvise, innovate, and become

more strategic. And that won't change anytime soon.

Using interviews with some of the hospitality industry's most experienced revenue professionals, this white paper will explore how revenue optimization can and must evolve, starting with how revenue optimization teams have responded to the pandemic both on- and above-property, and what will be critical to the success of the post-COVID revenue team.

REVENUE IN THE TIME OF COVID

It didn't take long for the pandemic to disrupt the traditional revenue staff model, which placed a manager or director of revenue at the property level with a regional director or vice president working above-property. Layoffs and



furloughs have changed everything from how the revenue team is organized to how it operates:

Clustering up. “We’ve had to reduce revenue management teams on-property,” said Monica Xuereb, Chief Revenue Officer for Loews Hotels & Co. “We were fortunate before to have up to two people at each hotel doing revenue management — something a little bit different than most other companies — but now, for the most part, we have joint revenue management, with people doing one to three hotels.”

Dax Cross, CEO of Revenue Analytics, added: “There was already a trend to move revenue management from on-property to above-property. So, the on-property director of revenue management at your big full-service hotel has over a number of years been slowly replaced by things like cluster revenue management by a team at a hotel management company or a chain. I think you’re going to see even more of that because people are being required to do more with less. And that means the ability to manage multiple properties easily is much more important.”

For Hyatt Hotels Corporation, COVID has indeed led to more clustering, as Cross predicted, along with positions minimized above-property.

“Hyatt had to minimize our teams in the corporate office, and that drastically impacted our revenue team at the corporate level from a leadership standpoint,” said Christen Garb, Vice President of Global Revenue Management Operations for Hyatt.

“We’ve always had regional directors of revenue, and that’s what was minimized,” Garb said. “And then, at the property level, there were areas where it made sense to cluster. Instead of a key downtown city having three directors of revenue over three big hotels, in some markets where it made sense, that was moved to an

area director of revenue position.”

Breaking silos. On the positive side, getting leaner has led to greater collaboration with other teams, from sales and marketing, to distribution and operations — a long-elusive goal at many hotel companies.

“People are being required to do more with less. And that means the ability to manage multiple properties easily is much more important.”

“We’ve been trying to focus more on the customer journey from beginning to end and then to find where we have opportunities to make the experience better in the short term,” said Alex

Cisneros, Senior Vice President of Revenue Generation for Red Roof Inn.

“For example, by working with marketing and looking into the data, we noticed that we needed to quickly implement some revenue-generating initiatives for our



students — when we realized that students, especially international students, couldn't go back home and they needed a place to live.

Even companies that were already doing this are finding that, thanks to the new normal, they're doing it even better.

“We are very fortunate to have what we call a ‘rev-gen’ team, which is sales, revenue, and digital,” said Raul Moronta, CRME, CHIA, Senior Vice President of Revenue Management for Crescent Hotels & Resorts. “We haven't necessarily had the silos that have been normal in the industry. Having said that, we have found that we have less

resources and less people, and those people need to work better together.

“Probably the biggest connection that we've experienced has been between revenue and digital,” Moronta said. “The reason for that is, right now 90 percent of our business is heavily transient and heavily leisure, and that leisure business is coming in through the branded website and online travel agents, where we have worked a lot more closely with the digital team to improve our visibility.”

Prioritizing data. Responsive, reliable data — and the ability to interpret it quickly and efficiently

— has been increasingly important to revenue teams for some time now, but the pandemic has transformed a nice-to-have into a must-have.

“Our business intelligence tools have been very crucial, especially as it relates to segmentation,” said

Edward Goff,
Head of
Revenue for
U.S. full-
service
operations for
Westmont
Hospitality
Group.

“The focus,” Goff said, “has changed from ‘How do I maximize my ADR on sold-out nights and how do I retain rate?’ to ‘How do I increase RevPAR and offset cash burn in these assets to keep them open and to keep the bills paid?’ so digging deeper into these analyses has been even more crucial.”

Garb added: “What the pandemic

caused is having dashboards of data all in one place that have so many different metrics now and can be viewed by leadership, where they were in different places and different pieces before.

“Now, everybody needs to see all the different data points at one

time,” Garb said. “It’s so crucial. I think that’s made us better from an analytical standpoint.”

REVENUE AFTER COVID

As the
hospitality
industry
moves

forward — through the pandemic, into recovery, and afterward — what will happen to the revenue team? According to our experts, it won’t return to its pre-COVID model. Instead, while staffing ramps back up, the revenue team will retain the flexible configurations and operating efficiencies that is

**“I think 2019 is
lost forever in terms
of relevancy of the
data. At some point,
maybe in 2022,
the data from 2021
will be relevant
again.”**



has developed in response to the crisis.

In some ways, that will mean starting over.

“In a way, what I think we’re going to see is most hotels will be creating new history,” Cross said. “I have a hard time believing that there’s going to be some point in time where people say, ‘Okay, now 2019 is relevant again.’”

“I think 2019 is lost forever in terms of relevancy of the data,” Cross said, “and you’re going to see

a slow climb back. At some point, maybe in 2022, the data from 2021 will be relevant again, but still, I think recent trends will be more relevant than that history.”

That new history will use the innovations of the pandemic as a jumping-off point — and continue to evolve, including:

More collaborative. “The leaders of the future will be very well-versed across multiple disciplines,” said Dave Roberts, a lecturer at Cornell University’s School of Hotel Administration and formerly Senior

Vice President of Revenue Strategy and Solutions for Marriott International.

And not only sales, marketing, and revenue, but “also across other areas of the business, including finance and asset management or real estate, because those decisions are

completely related,” Roberts said. “It used to be the case that those disciplines functioned somewhat independently and then occasionally compared notes, but today, there’s nothing that you can do in one discipline that doesn’t have a direct impact on all of those other disciplines.”

More strategic. “The revenue manager of the future will be more strategic,” Roberts said. “They will be more involved in strategic

decisions around the success of their assets — the hotel or set of hotels that they’re responsible for.”

Xuereb added: “There are a lot of things the last six months has opened our eyes to that we should not just ignore when things get better. We evaluated things that we

always just took for granted and realized that we may not need those things anymore — not because they were bad things, but we don’t necessarily need them anymore, so we can focus

“The revenue management system of the future will automate a lot of stuff that they’re doing today, but it’ll help make decisions.”

on more impactful and meaningful things.”

At Crescent, that has translated into a clearer understanding of not just *what* matters but *when* it matters. “The silver lining in this pandemic is that it has forced us to look at a lot of different metrics that we



wouldn't otherwise have thought of," Moronta said.

"It certainly has allowed us to understand in far more granular detail the importance of visibility," he said. "It doesn't matter whether you are the lowest-priced hotel if you're on page seven of an OTA."

More analytic. "We continue to use sampling and regression analysis to be able to do pricing based on product attributes and demand patterns, and that is an area that we want to keep doing more and more of that," Cisneros said. "I can see my

team moving into how we can take more data that is coming from other sources and try to use some deep learning and be able to customize.

"That's the biggest area that I can see us working on — personalizing and customizing messaging, personalizing marketing offers and emails based on the patterns that we're seeing from the data."

Indeed, Roberts sees a skillset in analytics as being nonnegotiable. "The skillset changes," he said. "Revenue managers will need to adapt to that new environment,

The Right Solution for Right Now

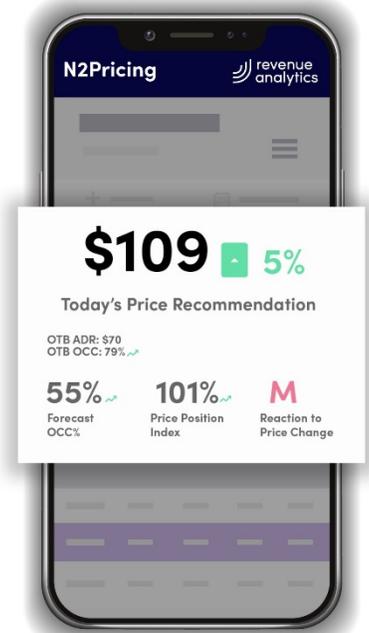
Revenue Analytics could not have created N2Pricing™ at a better time. Because of the pandemic crisis, hospitality teams have to do more with less, making the new revenue management system's benefits that much more relevant. "You have to automate things more," said CEO Dax Cross, "because your teams are so much smaller and people are juggling so much more."

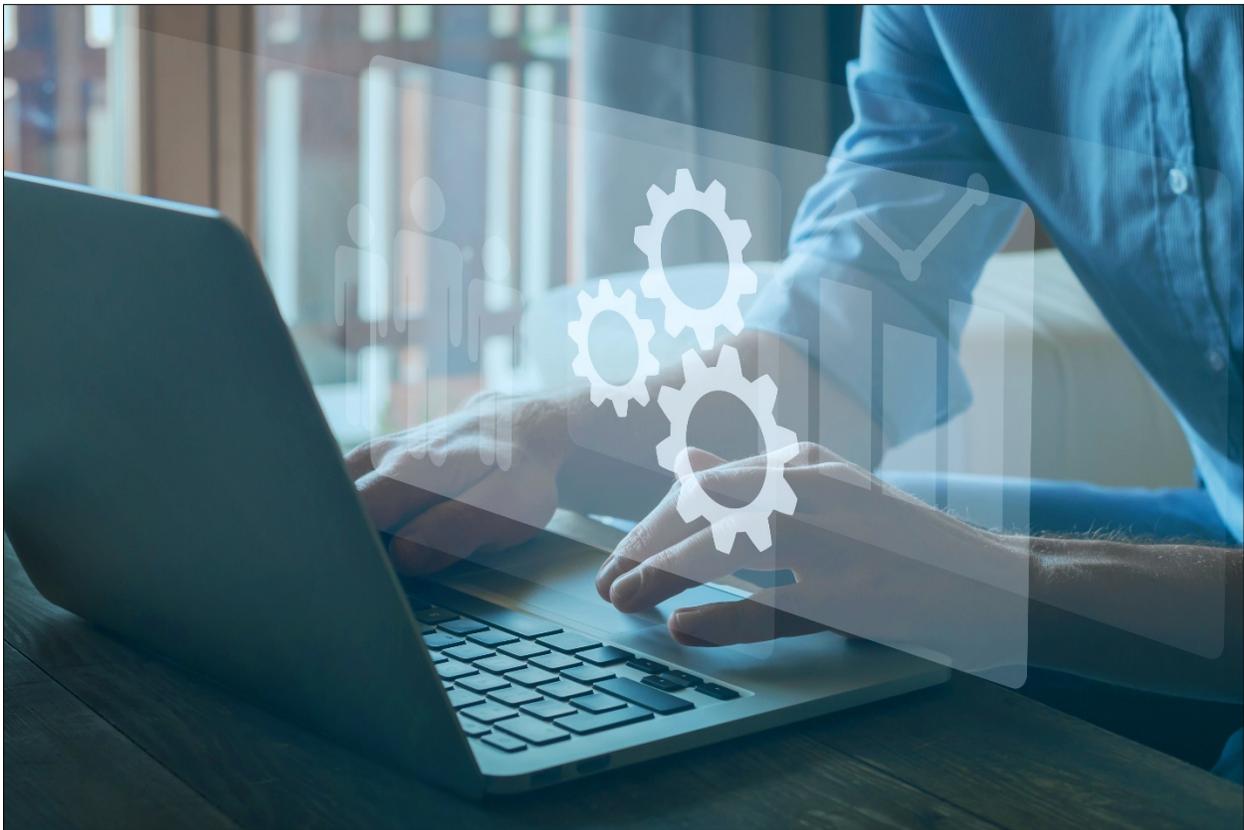
In addition to responding to the unique dynamics created by the pandemic, N2Pricing reflects hospitality trends that Revenue Analytics has observed for years, including the steady migration of the revenue function from on-property to above-property, the increasing use of mobile over desktop, and the rise of automated systems that needed less (but more strategic) human input. To help revenue professionals navigate this new reality, N2Pricing offers a solution that:

- **Boosts revenue:** N2Pricing offers the same analytics engine used by three of the seven largest hoteliers worldwide, and delivers an average 3 to 4 percent revenue increase, as confirmed by several rigorous, audited studies.
- **Manages itself:** N2Pricing automates 85 percent of pricing tasks, so revenue teams can confidently focus on strategy and other priorities.
- **Fits in your pocket:** N2Pricing is conveniently designed for mobile phones as well as desktop screens, so on-the-go users can access it easily from anywhere at any time.
- **Respects your budget:** N2Pricing is made for today's budgets. Its innovative "pricing-first" design omits the myriad unnecessary features that are too costly, overly complex, and of little value to most hotels.

"We had a thesis that all the revenue management systems on the market today were designed for the director of revenue management who just wants to get really deep into the weeds of every single pricing decision, every single availability decision, and look at all the data," Cross said. "And we said, 'Hey, that's not really the way things are being done anymore.' Why not make pricing a whole lot easier?"

Learn more about N2Pricing at revenueanalytics.com/hospitality/n2pricing.





and therefore their skillsets in a lot of cases will need to change away from tactics to more strategy. If there's a revenue manager out there that's not comfortable with analytics, then those are skills they need to acquire."

More automated. More data doesn't automatically mean better data — but it can with the help of the tools that automate growing numbers of revenue functions. (See "The Right Solution for Right Now," p. 9.) "Leveraging big data and automation and machine learning and AI is the future for all of us,"

Cisneros said. "We need to invest in resources and technologies and make sure that we're partnering with the right company."

For Roberts, automation isn't about replacing revenue professionals. "The revenue management system of the future will not be this data dump of information and all these different dashboards," he said. "The revenue management system of the future will make the life of a revenue manager much easier. It'll automate a lot of stuff that they're doing today, but it'll help them make the decisions that they have

to make so it's seamless.”

Ten to 20 years ago, revenue optimization was an early adopter of data and machine learning, according to Cross, “but it was always billed as, ‘Oh, this is decision support. We still need you, smart person, to make the decision.’ But today, when algorithms are capable of doing things like driving cars, why couldn't they price the hotel?

“There's an opportunity for the field of revenue management to say: Let's automate things like pricing and inventory.” Cross said. “The machines are good at that, so let them do it, and let's use people for what they're good at, which is being creative and imaginative and

coming up with new strategies that haven't been seen before.”

And that take us to the evolution not just of revenue optimization but of the entire hospitality industry.

“Whether it be top-line-focused or bottom-line-focused or operations-focused,” Goff said, “the winners of this crisis, if you will, are the ones that are going to be nimble, that are able to adapt and learn quickly.

“What happens in every one of these crises that we go through is, we learn new things and we bring that into our future,” Goff said. “I think this learning will continue and it will be brought into the post-COVID generation.” ■

Christopher Durso is vice president of content development for Hospitality Sales & Marketing Association International (HSMAI). HSMAI writer *Kaitlin Dunn* also contributed to this white paper.

ABOUT HSMAI Hospitality Sales & Marketing Association International (HSMAI) is the hospitality industry's leading advocate for intelligent, sustainable hotel revenue growth. HSMAI provides hotel professionals and their partners with tools, insights, and expertise to fuel sales, inspire marketing, and optimize revenue through programs such as HSMAI ROC, Marketing Strategy Conference, Sales Leader Forum, and Adrian Awards. HSMAI offers organizational and individual membership, with more than 7,000 members in four global regions — the Americas, Asia Pacific, Europe, and the Middle East. — hsmai.org

ABOUT REVENUE ANALYTICS The pioneers of revenue management, Revenue Analytics is an enterprise SaaS company that partners with hospitality companies to solve their most complex pricing challenges. By leveraging powerful analytics and deep strategic experience, Revenue Analytics' next-generation software delivers intuitive answers to help companies perfect their pricing, reclaim missed revenue, and take back their time. — revenueanalytics.com

© 2020 Hospitality Sales & Marketing Association International