



# THE POWER OF REVENUE MANAGEMENT

**INCREASE**

Scott Frothingham



# Introduction

Hotel Revenue Increase is a vital solution to the success of the hospitality Industry. But there is mounting concern about the current crisis and its economic impact in the hotel industry.

Despite of the events, tremendous opportunity awaits to increase hotel revenues and to be prepared for the next travel boom. Scott Frothingham created this book based on the successful results that he attained by the practice of different solutions applied throughout his 30 years of experience as a hotel revenue management expert.

This book gathered the solutions in 14 Phases with detailed unique approaches and proven techniques to generate revenue growth. Each chapter covers the tactics and strategies that shows you how to make revenue management work for your hotel. Learn the vital qualities and skills that every successful Revenue Increase specialist needs.





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# About the Author

Scott Frothingham is the creator of more than 2B+USD in revenues for all hotels type and sizes. As he works with prestigious hotel chains around the world like Marriott and Hilton, some of the most impacting revenues were created for independents and boutique hotels with small budgets, which probes his abilities to succeed at any level of the hospitality Industry.

His Revenue Management and Revenue Increase expertise has helped over one hundred thousand hoteliers to think revenue management into revenue growth. Scott Frothingham is truly a revenue boost giant. This is the first book where Frothingham reveals some of his distinctive methods to hotel revenue increase.





# About the Book

## Description

This is a great resource that teaches hotel owners and operators how to increase revenues at a maximum level with some of the proven strategies and unique approaches used by my Hotel Revenue Management Company, RevOptimum.

## What We Do

Our specialized expertise in Revenue Increase helps Hoteliers and their teams learn and implement sweeping Revenue strategies that have strong impact and boosting results. We do the strategic work to prepare the hotel and its operators for incredible change of successful and sustainable revenues.

## Focus

RevOptimum Group offers specialized expertise in the most urgent and complex revenue increase transformations for hotel clients.



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# Phase I

RevOptimum Unique RM Support  
Hotel Rate Strategy Report©



# RevOptimum Unique RM Support

## As Revenue Increase Experts,

our main purpose is to apply customized Yield Strategies to Increase Hotel Revenues, RevPAR performance, increased traffic & sales to the Hotel booking engine and optimize sales through additional distribution channels. Along with other proven approaches to boost Hotel profits!

A crucial part to achieve this success is to enhance distribution sales through transient channels including the hotels own CRS plus GDS, OTAs, LNRs and wholesale operators. Price optimization is an integral part of achieving the balance of occupancy & average daily rate to achieve our goal for the hotel of +100.0 market share through RevPAR performance (STR).

Equally important is to maintain rate parity through all retail channels with mirrored pricing and balance within all channels of distribution. Our constant aim is to drive more traffic to the property booking engine direct.

Also, to understand and strategize on boosting incremental revenue opportunities to enhance Revenue Performance. As hotels revenues are mainly created from room revenue; other revenue streams within the hotel must be optimized. For instance, Food & Beverage Sales, Hotel Shop, Catering Sales, Spa, Pool & Beach Events, Water Sports, Additional

Amenities – and any other activities that would generate hotel revenue on site if your room revenues are increased by a growth in occupancy.

Attract and attain the right customer base for the hotel by understanding your data and how to market to the right customers that have the resources and propensity to spend additionally within the property.

A great tactic to capture the right customer for the hotel, is to understand the service levels, the quality of product and the amenities available at your hotel. Next, we match these components with other competitors in the market to ensure that we are getting the market share of the particular customer that stays at these like-properties. Then, the marketing campaigns may target the specific customer base. The results are to profit from the right customer with the propensity to spend during their stay. This strategy can work in conjunction with the hotel marketing team, using Google Analytics and other resources.

By understanding your data you can achieve maximum ROI on spend using specialized target marketing techniques.

# Hotel Rate Strategy Report©

As a Yield Management Expert,

and as the Founder and CEO of RevOptimum, I have spent 20 years creating and perfecting a Revenue Growth System and part of that creation is the Hotel Rate Strategy Report - a proven successful tool that is exclusively designed to Increase Revenues for Hotels and is fully Customized for Your Hotel by Identifying and Optimizing the following:

- Market Segment
- Competitive Set
- Numbers On The Books
- Variance to Previous Reports
- Pace Performance
- Market Daily Demand
- RevPAR Maximization
- Key Performance Metric Indicators
- In-house and Competitive Set Pricing
- Review Distribution & Hotel Booking Engine
- Analyze OTAs, CRS, and Wholesalers
- Examine PMS Connectivity
- Strategies for Revenue Growth



As RevOptimum's primary report, the Hotel Rate Strategy Report© rolls out 365 days into the future, monitoring daily demand, to ensure the increase of revenues by each room type. When the report is customized for the hotel, it will display a 12-month analysis on a day-by-day review of demand. The report also makes constant shifts to the strategy for successful execution and revenue results.



# How the Report Works

It is a complete end-to-end hotel revenue management report, coupled with RevOptimum activation & expertise to become a high-revenue accelerator for hotels that analyzes statistics, issues revenue management reports, detects real-time opportunity, increases bookings, develops marketing promotions, registers time-sensitive data, conducts data connection, and reprocesses actions for revenue growth.



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# Phase 2

Demand Forecasting Strategies  
Execution of Yield Strategies  
RevPAR Performance Strategy



# Demand & Yield

## Yield Strategies

Yield Strategies are adjustable methods to pricing, demand and consumer behavior to increase revenue opportunities. YIELDING is another part of the Rate Strategy Report – It is fundamental to look at the execution of the Yield Strategies within the Rate Strategy Report to monitor the Hotel performance based on the implementation of the strategies.

- The key to optimize the implementation of these Yield Strategies, is by checking daily on the hotel performance and ensuring that the strategy is working. If it is not performing, we must quickly identify those areas of concern and re-strategize, re-yield, and then execute appropriately.
- Next, ensuring that the re-yielding strategies are working effectively and efficiently to maximize the hotel bottom line.

An example of executing a yield strategy would be to ensure your pricing or yield strategy is added in the PMS and is re-synced to the channel manager for distribution. If there are interface or sync issues strategy can be significantly affected.

## Demand Forecasting

Demand forecasting is the practice of predicting future sales by using historical sales data to make hotel decisions to increase revenue results. Demand Forecasting must be reviewed daily and updated in the Hotel Rate Strategy Report.

(Depending on the property size and operations capacity, the forecasting could be done daily, weekly, biweekly, monthly).

This demand forecasting is analyzed day by day on a rolling 12-month calendar. As the reviews are done, it is important to look for any bumps in the forecast demand and execute Yield Strategies accordingly, keeping you ahead of the booking curve.



# RevPAR

The RevPAR evaluates the hotel's ability to fill the available rooms through the optimum mix of occupancy and average daily rate. RevPAR performance determines your hotel market share positioning in the competitive set and gives the opportunity to review if the hotel is outperforming or underperforming. Additionally, helps to decide on new opportunities to increase RevPAR performance, which is essentially to the hotel revenue increase.

- For successful results, it is required to analyze the RevPAR performance mix on a day to day basis. To gain market share, the RevPAR can combine a driving rate and occupancy based on the peaks and valleys of demand, which is monitored in the Hotel Rate Strategy Report.
- The increase of RevPAR Performance is achieved through the optimization of the pricing and distribution and gaining proper exposure and placement through channels that can provide additional traffic to the property.
- It is important to manage the costly channels of exposure effectively in times of peak demand and then use them regularly when RevPAR performance is needed.



The best way to examine your RevPAR performance is using the STR (Smith Travel Research). The STR report provides data intelligence and global benchmarking, to compete strategically, and understand your customers. Depends on what plan it is purchased for your property, it offers weekly or monthly reports.

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# Phase 3

Market Segmentation  
Segmentation Analysis



# Market Segmentation

The Market Segmentation Performance helps your hotel to improve the execution of your marketing campaigns based on the audiences being targeted. The Market Segmentation Performance needs to be reviewed according to the hotel destination or location to ensure that the market mix fits the description of the territory or neighborhood. And to find opportunities for the hotel to optimize the different segmentations and therefore enhance the areas that need improvement.

- The Analysis of the location of the property, needs to implement strategies according the sites, for instance, city centers and beach or golf resorts, etc., As well as secondary markets that need to be reviewed by segmentation and identify the areas of opportunities for improvement. These enhancements can reflect through the creation of packages or local negotiated accounts that we see are booking into our competitive set.
- Determining different strategies towards the different market segments may help improve the diversity of the market mix within the property. And simultaneously will enhance the hotel performance on a day-of-week or seasonal execution.

- Ultimately, driving local negotiated accounts (LNR) Sunday through Thursday can help steer those dates while weekends can be attracting more leisure transient.
- To broaden your global reach hotels can partner with wholesale operators with strong footholds with international markets as well as online travel agents and marketing specifically to those strong international feeder markets.
- Developing a plan to capture the additional segments of opportunity is key for revenue success. This could include partnering with other third-party companies such as Travel Click or Sabre. The hotel can sign up for consortia channels – American Express, BCD Travel and other distributions to bring additional customers to the property and therefore increase the bottom line.





# Segmentation Analysis

Focus on the understanding of the hotel customers based on features and behavior according to destination and hotel location. Examining the target markets for the hotel industry and segmenting them based on the pricing sensitivity and booking manners.

The segmentation analysis is a crucial part of targeting the right mix of business. As we look at the performance in the market segmentation, to analyze each of our segments, we can identify different opportunities for success through the channels of distribution.



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# Phase 4

Pricing Analysis & Strategy  
Room Inventory Differential

# Pricing Analysis & Strategy



Price Analysis helps to determine the right rate for the hotel rooms, services, and packages while the Price Strategy merges the hotel product, distribution, price, and promotion tactics for a successful hotel positioning and revenue increase. This is a critical part of the process. And to understand the Pricing analysis, we need to use the Hotel Rate Strategy Report as a tool to monitor the day by day demand for a rolling 12-month calendar.

- In this section, the analysis consist of how the hotel can edge into its competitors and compare room pricing and room type differential – the optimization of the pricing based the room types, is extremely important and a great opportunity to maximize the overall ADR performance and as another avenue of yielding.
- Sometimes not even having to change pricing but just allow the inventory to sell for itself, can increase pricing incrementally based on low to high.

For instance, if the hotel least category is \$200 then the room type above that is \$220 and so on. So, you are gradually growing ADR. As the lower category sell out, the next category is \$20 higher and therefore, you are growing your rate.

- We take that into account as part of the pricing strategy to analyze and compare the hotel against the competitive set and how we can get market share by optimizing pricing.
- Once that is determined, we will review and implement any other additional opportunities. As promotional opportunities, other distributions within those channels, such as corporate accounts, corporate rates, packaging, opaque pricing strategy and determine how to optimize each individual revenue stream to maximize opportunity and sales.





# Room Inventory Differential

This section is created to identify the hotel's different room categories and room pricing. For instance, we start pricing the smallest room, at the lower rate and then work our way up to the next room category until reaching the best room in house at the highest price. For all hotels, the rooms categories are different, but usually the larger rooms are the suites, penthouse, presidential suites, etc. are the top price ranking.

The room differential analysis can be based on view, square footage, the amenities in the room and so forth. This is a great opportunity to increase ADR and revenues and organically yield the property based on the different room types uniqueness.





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# Phase 5

Hotel Booking Engine Optimization  
Parity on Booking Engines

# Hotel Booking Engine Optimization

The hotel booking engine is the system on the hotel website to process online reservations directly on the hotel's site versus online travel agents (OTAs) and therefore it is important to have your hotel own Hotel Booking Engine to save on high commissions and to increase revenues with direct reservations.

- The booking engine will exhibit the hotel rates and availability in real-time and allows the guests to select their dates, room type, apply promotions and complete the booking.
- In order to execute the strategy and pricing, we use the online *Hotel Booking Engine* as the primary tool to Yield the greatest opportunities.
- Optimizing and employing the hotel's online booking engine as much as possible will generate greater revenues. Couple of recommendations would be to offer a better price direct or offer value such as breakfast or hotel credit or free upgrades. This strategy can shift customers from costly sites to book with you.

- A Strategy for success is to keep the Hotel Online Booking Engine updated as frequently as needed with new content, new images and latest happenings in the hotel. Images should be refreshed bi-annually, or at least annually. Images make an important part of the hotel site success.
- Streaming videos is another way of increasing your opportunity for conversion.
- Once your hotel booking engine is optimized with appealing content, images, and videos, your hotel is ready to promote a successful online strategy to create conversion that is greater than all external distribution channels. The ultimate goal is to have major bookings through the Hotel booking engine.





# Parity on Booking Engines



Parity is the method of maintaining consistent, mirrored rates throughout all retail online distribution channels.

It is readily important to have Parity amongst the booking engines. The hotel cannot afford to have another third-party provider offering lower rates. Important that your own hotel engine is in parity with all the other distribution channels. As mentioned earlier, parity can be executed in the favor of the hotel by offering a slightly better retail rate in order to convert more direct sales avoiding the higher costly channels. Use caution in this strategy as some online travel agent partners may penalize the hotel in placement & ranking because of the parity.

Achieving Booking Engine Parity Efficiency may be done by monitoring the rate parity issues and addressing them efficiently to ensure that all operators and distribution channels are effectively selling the prices that are being pushed out by the channel management.

Proper rate parity through all channels ensures the hotel maximum exposure through all distribution channels and continued traffic to the property.

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# Phase 6

Distribution Management  
OTA Market Strategy



# Distribution Management

Distribution management is the process of directing the movement of hotel rooms, and promotions to the different platforms of sale. Distribution management is a vital component to the hotel revenue increase, profit margins grows according to the ability to sell the room inventory through a broad global scale.

Distribution management has the ability to gain and boost market share. As the Yield Strategies are executed, each of the distribution channels will need to follow a unique strategy and ensure that the distribution is broad, and reaches all the market segmentation that contributes to the property's success – based on location, and based on the structure of the property.

With the proper distribution structure that fits the hotels star rating, destination and amenities available you can make certain the hotel is optimizing their ability to capture their market share from the competitive set.



# OTA Market Strategy

OTA refers to Online Travel Agent. OTAs are travel booking engine companies that allow customers to book reservations directly on their sites. These third party booking resells the inventory of hotels at a large scale. Sample of OTAs are Booking.com, Expedia and Hotels.com.

- Once the hotel established the Online Selling Strategy direct, the next step is to review their Online Travel Agent Strategy. Your online travel agent strategy should mirror the hotels online retail rates, keeping things in parity between your hotel website and the OTAs.
- Similar to your hotel booking engine optimization, you will also need to optimize your OTAs with the same content and same images, building a loyal brand and a constant image of your property through distribution. The OTA market strategy should review those internal opportunities within those travel agents to ensure you are maximizing your greatest exposure through Package Path, Member Path, International and other avenues.
- The OTA strategy has another opportunity to ensure exposure to the property with the right set-up through their extranet or partner portal that allows us to update content and images, implement promotions, ensure the proper information is there for the customer and help in our conversion.





# OTA Market Strategy

- As an independent hotel, you rely heavily on OTA distribution channels to gain exposure and we use those OTA channels as the Google search of a certain market, allowing your hotel to essentially convert a customer who may be searching on a OTA over to book in the hotel website directly.
- The key is to gain bookings directly on the hotel's site. however, OTAs do have a loyal following and we must participate with OTAs through all of their distribution within such as Member Path, Package Path, Airline Path, working together with room accommodations. It is important to work with OTA market managers assigned to your property. This will increase the optimization of the hotel ranking on the site.
- Hotels that showed on the first page of the OTA sites, have a higher chance of bookings. In order to achieve this status, guest reviews & feedback, parity, content & images have to be updated often. Additionally, the participation in campaigns and promotions should be a regular practice based on your seasonality and opportunities for additional occupancy.
- The review of your Hotel neighborhood and locations is crucial to the understanding of your traffic. For instance, your property could be situated in a vicinity or be situated in a neighborhood that could be combined into different locations regardless of being in the same area. Understanding this strategy, could give the proper exposure and increase the customer traffic to your website and to your listing.
- Additionally, look at opportunities through mobile versus desktop and corporate distribution such as Egencia and other distribution channels that can also optimize our ability to gain exposure through other online sites.
- OTAs are an important part of the market share and the distribution mix, however they need to be managed efficiently to avoid over-exposure of the property when strong demand periods are forecasted.
- It is crucial to conduct an analysis of OTAs through meta engines, and search engines, to ensure that the hotel is placing properly in terms of price strategy, parity with all other distribution channels, and ensuring that no other site is cutting down the hotel direct site.
- On occasion, OTAs may penalize the hotel for showing a below price against their site, however, there are opportunities for the hotel to continue keeping the ranking and placement in these sites while still drawing direct sales.



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# Phase 7

Global Distribution System (GDS)  
Online Selling Strategies



# Global Distribution System (GDS)

Similar to OTA, there is the GDS – (Global Distribution System) which enables transactions between travel industry service providers, like airlines, hotels, corporate business travelers, government and travel agencies. GDS offers multiple agencies like – Sabre, Galileo, Worldspan and Amadeus – these distribution channels will allow you reach a bigger scale, on a global effort, and participate with consortia and other agencies that can help your market mix, your market segmentation mix, and mirror the Online Booking Engine brand image and content optimization to the OTAs and the GDS.

Through the Hotel's GDS distribution, there are many travel agents around the globe that are booking their clients and their business associates into certain cities. Establish a GDS campaign into those feeder markets working with your CRS provider can help your hotel capture your market share.

The CRS (Central Reservation System) provider or other reports available for purchase, similar to Google Analytics or other market data that will allowed the analysis of those cities and territories within the world that frequent your destination and how your hotel is able to gain an edge, finding out where the customers are visiting from.

Example of the channels where that information is provided to the hotel, are Agencies, Retail Agents, or Consortia such as BCD travel, ABC, THOR and American Express to name a few. In that research you can target those specific agencies to drive business to your hotel.

Smith Travel Research and their STR reports for competitive analysis, this can be global distribution reporting, this can be Google Analytics reporting, this can be market intelligence reporting from the CVB or other resources in your market.

Look at those areas of opportunity and then build a global presence. This can be done through electronic marketing, this can be done through wholesale operators, this can be done through OTA or online travel agents, this can be done through GDS or global distribution systems.





# Online Selling Strategies



Once your hotel booking engine is optimized, while appealing content, images, and video is going to be important, the Online Selling Strategy creates a conversion that is greater than most of the distribution channels.

The Online Strategy can be offering greater value direct whether that comes in a way of increased percentage off, on a promotion, or it also can be value-add driven, such as free breakfast, free upgrade, an opportunity where the customer can receive when booking direct versus booking another channel that may cost a higher commission to convert.

This strategy also produces loyalty through your customer base and when you can convert more direct customers, you can capture that guest data and market in the e-marketing or electronic campaigns.

Push your message out through social media channels to gain loyalty and boost brand awareness by offering exclusive rates or value only found direct.

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# Phase 8

Content & Image Strategy  
Strategy of Promotions



# Content & Image Strategy

Distribution management is the process of directing the movement of hotel rooms, and promotions to the different platforms of sale. Distribution management It always important to keep Images refreshed, minimum bi-annually. Content should always be renewed as required based on the property – changes to amenities, changes to the product, changes to food and beverage menus – anything new that is implemented in the hotel, must be updated on the site, online booking engine and through all distribution channels.

It is crucial to have the proper information readily available to your customers, during all stages of the reservation – during the booking process, reservation confirmation, during the pre-arrival process, and upon check in process.

In today's world, the images, photos, and videos that are more compelling, convert customers for your property. Therefore, is fundamental to keep those images fresh and up to date – Every room type should have pictures of any outdoor space, bedroom, living, bathroom, and any additional amenities and spaces.

For instance, some room categories offer kitchen & dining area, etc. Including the images of these features on the sites and booking engines is fundamental to attract the right customers to your hotel and convert sales.

Another fantastic way to attract customers is to stream videos on the website or links on booking engines or marketing materials, for the customer to get a full sense of the property and to understand the value of the product and the value of the location for the hotel.



# Strategy of Promotions

Your Promotional Strategy should always be focused to gain additional exposure and placement through distribution channels. Promotional strategies should be prepared annually but executed every day of the year, and according to season and needed periods. It is confirmed that prospect customers drive for slash-through pricing or value-driven promotions and promotions that are geared to value-adds or loyalty.

Independently from preparing the Promotional Strategy every year for the upcoming year, it is important to monitor the promotions daily and adjust accordingly to the circumstances and trends of the season. Part of the Strategy is to boost the hotel's Best Available Rates (BAR), to compensate some of the percentages off, that were used through promotions in the distribution system.

The BAR strategy allows your hotel to maintain the proper ADR that is required by the budget and the forecast, to ensure that promotions through peak seasons, can still yield the proper rate to boost hotel revenues according to vision.

Sample of Promotions – There are multiple options to set up promotions. The ideal is to develop promotions according to the hotels needs and characteristics. For instance, a slash-through percentage off promotion is a simple way to start a promotion. You can also do a “stay three nights get the fourth night free” promotion. Any other offers can include daily breakfast, drinks upon arrival or dinner for two., etc.

These particular promotions will allow your hotel to gain share over the competitor set, and allow you to merchandise the property through most of those distribution channels that have a large following, such as OTAs or Wholesale operators around the globe. These operators will push your promotions and opportunities at a global scale.

Once the promotions are created, it is important to use resources of exposure as OTAs. Your hotel can designate specific promotions or packages to different regions in the world that can help exposing your property to locations where your market may be in demand. Another feature of this resources is to have the ability to search sectors that offer direct flights from international cities that fly direct into your city, this way your hotel can attract a captive audience just by offering promotions that target those international destinations and travelers.

This is just an example of the multiple ways to analyze resources available and to create promotions based on the findings. But in general, the Promotion strategy is to offer a greater value direct to the hotel versus your competitors or other costly channels. Different models may include to increased percentage off, value-add driven (i.e. free breakfast, free upgrade). The Promotion empower the customer to feel accomplished to receive a deal when booking direct to your hotel. For your hotel the conversion of a Promotion to a direct booking is ideal and profitable, as external bookings may cost a higher commission to convert.

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# Phase 9

Strategy Hotel Packaging



# Strategy Hotel Packaging

The hotel packaging strategy is an important piece to the success of direct bookings and profitable campaigns. Based on your destination, type of property, food and beverage features, spa & shop facilities, golf or beach value, business center and any other components that characterized your property, the hotel packaging can be unique to create and enticing to consumers that are looking for an experience in an environment that is aligning to your property.

Creative, unique, and experimental hotel packages are the key to successful and profitable marketing campaigns for your hotel. When building the package, create an experience versus to offer a series of items bundle with your hotel name. The type of packaging that you create defines your property and your destination uniqueness, charm, and value.

Here are a couple of examples we have had success with:

- Golf & Spa package where a couple can choose one or another or offer one day or golf and another day in the spa
- Family Getaway where the hotel offers a chef made dinner right in the suite/villa and the next day of adventure hiking in the jungle.

Have fun with packaging and focus on creating experiences and memories that last a lifetime.



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# Phase 10

Property Management System (PMS) Alignment



# Property Management System Alignment



The review of the property management system (PMS) needs to be done through an audit to ensure the system connectivity and performance is seamless to the CRS and all rates are in parity, inventory is flowing properly and reservations are uploading.

The first step in the audit is to ensure perfect connectivity from the PMS to the triangle of distribution - from the property management system to the channel management, OTAs, GDS, and all other hotel distribution channels.

The next step is to make sure that inventory controls are revised and working properly. The inventory controls are a crucial part of the demand mix and the distribution and therefore, the inspection to the property system on inventory from the PMS to all of distribution channels is vital to create a continuous, efficient and timely connectivity.



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# Phase II

Optimization Process  
Channel Management

# Optimization Process

To optimize the hotel revenue, the first step is to build the Rate Strategy Report. Second, to review the pricing of the hotel versus the current competitive set and third to evaluate additional properties that should be included on the current list of competitors but are not.

Then, determine the pricing based on the latest competitive set (with the added new properties if any) The key is to reprice the hotel with a suitable and appealing leading rate. The lead rate should be a 'like' room type comparing to the competitor.

Following is to assess the hotel room types and determine each room type value. Complete a room differential pricing starting with the lowest rate to the highest to ensure maximization of the hotel best units, as we implement the yielding process.

Once the room type differentials are completed, the room rates need to be selected by season, or month by month within the 12 months calendar. Then, this information needs to be applied to the Property Management System and the Hotel Rate Strategy Report to ensure the revenue increase by each room type.

Next is to review the Smith Travel Research information, to determine the hotel opportunities to gain market share on a moving 18-month period. Once this is complete, the next step is to evaluate the distribution channels, to ensuring that all channels are being fed seamlessly from the channel management system. Here are a few channel managers: Site Minder, iHotelier, Rate Gain, STAAH, and others.



It is crucial to check the systems for rates and inventory control discrepancies and correct immediately if any errors are found. After, it is important to analyze positioning on each distribution channels and find their opportunity for improvement, as well as to work directly with these distribution channels in order to maximize the opportunity to increase the ranking and positioning of the property in the particular market or neighborhood associated with the customer search for their destination.

Once that is determined, additional opportunities need to be implemented. For instance, promotional campaigns or other distributions venues within the distribution channels, i.e. corporate accounts, corporate rates, packaging, opaque pricing strategy. It is important to define where and how to optimize each individual revenue stream to maximize the hotel revenues. The best way to optimize your distribution channels is through direct connection to the hotel channel manager and avoid static pricing.



# Optimization Process

Once distribution channels are optimized, the next step is to look at strategies to convert greater reservations and conversion through direct sales by applying different approaches.

- For instance, using discount tactics with the percentages greater than all other channels.
- For example, the OTA's charge an average of 20% per reservation, while you would get the 20% direct if the reservation is directly to the hotel booking engine.
- Another opportunity to convert greater on a direct sale is to include value-add opportunity, such as free breakfast, free upgrade based upon availability upon arrival and free night based on length of stay.
- These opportunities may allow the hotel to convert directly and to avoid paying commission or exposing the property through channels that are costly and minimize revenues.





# Channel Management

Channel Manager is where the optimization process seamlessly connects to the distribution channels, providing real time rates and room type availability to avoid rate integrity issues or parity and to avoid overselling inventory and to sell inventory effectively based on availability up until the inventory count goes to zero and the hotel sells out.

Booking Engine Parity Efficiency. Monitor rate parity issues and address them efficiently to ensure all operators and distribution channels are effectively selling the prices that are being pushed out by the channel management.

Once we have completed that, we would review distribution channels, ensuring that all channels are being fed seamlessly from the channel manager. Whether that is from the PMS or the CRS or a third-party channel management system.

We will ensure all systems are speaking fluently to prevent any discrepancies in pricing or inventory control.

When finished, we would then review positioning on each of these distribution channels and find their opportunity for improvement and work directly with these distribution channels in order to maximize our opportunity to increase the ranking and positioning of the property in their particular market or neighborhood associated with the customer search for their destination.

Once that is determined, we will implement or review any other additional opportunities, whether that's promotional opportunities, other distributions within those channels, such as corporate accounts, corporate rates, packaging, opaque pricing strategy and determine where we can optimize each individual revenue stream to maximize their opportunity to the hotel.

Once distribution channels are optimized, we would then look at strategies to where we can convert greater reservations and conversion through direct sales by either using discount strategies with the percentages greater than all other channels.

For example, 20% off the OTAs whereas you would get 20% direct or another opportunity to convert greater on a direct opportunity would be to include value-add opportunity, such as free breakfast when you book direct, free upgrade based upon availability upon arrival, free night based on length of stay – these opportunities would allow us to convert directly and avoid paying commission or exposing the property through channels that are costly to the hotel.



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# Phase 12

Inventory Controls



# Inventory Controls



A vital part of the demand mix and the property system alignment is to ensure precision in the inventory control, because this is fed from the PMS to all of distribution systems, and therefore needs to continuously running a seamless and effective connection.

The hotels IT person or front desk team needs to ensure that all systems are speaking fluently from the PMS interface to prevent any discrepancies in pricing or inventory control.

Additionally, the hotel needs to oversee the break-out of the house, or night audit, especially in times of high demand to guarantee the stay-through availability, to monitor over-bookings and to ensure maximum occupancy at the hotel.



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# Phase 13

Global Presence

# Global Presence

Once the Hotel completes the fundamental revenue increase strategy to ensure that all areas of opportunity are covered, the next step is to build a global presence. This can be done through electronic marketing, wholesale operators, OTA or online travel agents, GDS or global distribution systems. And many other channels of connectivity.

All these channels bring important exposure of the hotel through international destinations and can establish a strong global presence.

A Sample of a Strategies to Build A Global Presence can be an e-marketing or marketing campaign with purchased ads to be distributed within particular feeder markets such as the UK or South America or areas where there is greater opportunity for bookings.

Another strategy would be to work directly with wholesale operators, and to establish promotions targeting the global exposure but focusing on destinations/areas that have proven-sales success versus other international locations.

For instance, participating in campaigns or working with operators that reach high traffic bookings from South America and Europe, can give your hotel an immediate opportunity to gain market share at those particular

locations and therefore, drive additional revenues to the property.

An alternative approach is to designate specific promotions or packages through OTAs into different global regions that can help exposing your property to locations where your market may be in demand. Also, including your property and inventory in promotions targeting international cities and locations around the world that provide non-stop flights to our city is a great venue to increase revenues. Additionally, targeting leisure markets that highlighting travel benefits to your hotel location can help to maximize sales.



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# Phase 14

Third Party Reports



# Third Party Reports



Third-party reports are great tools to build your hotel strategy based on the analysis of demand forecasting, historical data and pricing.

Third-party reports can also provide opportunities at a global scale, for purchase by the hotel with the data collection gives the ability to analyze strategy, demand forecasting, and pricing for the different promotions.

For instance, Smith Travel Research (STR) reports are a must-have for competitive analysis. For global distribution reporting, the Agency360 report from TravelClick or Google Analytics reporting is helpful and for market intelligence reporting. Another resource would be through your Chamber of Commerce or CVB (convention and visitors bureau) or other resources in your market are great tools to study your hotel demand and strategies prior to develop the promotion.

Hotels must have a competitive set rate shopping report that allows to hotel to analyze lead pricing in market to monitor competitiveness and ensure gaining market share.

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# Phase 15

RevO®

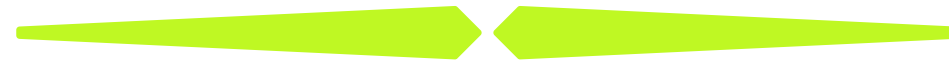
The Revenue Increase Platform



# RevO®

RevOptimum is always on the look for innovative strategies to increase revenues, and now we have created RevO.

RevO is a powerful revenue performance platform that remotely accesses the hotel PMS (Property Management system) to extract hotel data and import it to a unique strategy report system that fuses this data with external revenue & performance indicators, market trends, and distribution to power real-time revenue generation.



**RevO translates data insights into effective and actionable revenue strategies for client gains.**





# The Path to Revenue Growth



## REVO Manages the Revenue Indicators through the Path to Revenue Growth!

**RevO Connects:** Remotely, RevO links to the PMS system and extracts hotel data.

**RevO Imports:** Remotely, RevO inserts the extracted information into the Strategy Report System.

**RevO Captures:** RevO condenses extracted information into segments and indicators.

**RevO Customizes:** RevO tailors the segments and indicators of each hotel and fuses the information with market statistics.

**RevO Analyzes:** RevO evaluates the data, predictions, and market patterns.

**RevO Strategizes:** RevO plans real-time opportunities and tactics to obtain the best market share for the hotel.

**RevO Insights:** RevO provides Intuitive and easy-to-understand measurements, analytics, and results for continuous revenue growth.





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# Conclusion

Revenue Increase comes from specific Yield Management goals and sustained action toward those goals every day.

To keep your revenue on a continuous growth, you must act every single day with creative strategies.

No one should care about your revenue growth and achievement more than you.

# Glossary

## Words to Understand:

Hotel Rate Strategy Report (HRSR)

Rate Parity

Revenue Per Available Room (RevPAR)

Central Reservation System (CRS)

Global Distribution System (GDS)

Online Travel Agency (OTA)

Best Available Rates, (BAR)

Average Daily Rate (ADR)

Smith Travel Research (STR)

Local Negotiated Rates (LNR)

Convention & Visitors Bureau (CVB)

## Definitions:

Consortia: Associations or Marketing organizations that link small to medium sized independent travel agencies to influence purchasing and marketing opportunities.