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Adding nontraditional revenue streams for your hotel

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New fees for guest bookings can help generate revenue for the hotel while offering assurances and options to guests who have special requests.



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Surely hotel revenue managers are doing everything they can think of to drive rate and minimize distribution costs via traditional methods. But there are other ways in which your hotel might be able to generate additional revenue streams.

Of course, not all of these ideas are feasible for all hotels. Some ideas work better for resorts, which typically charge advance deposits and which tend to have more restrictive cancellation policies, while others might be more applicable at hotels.

'Confirming' room location requests

Despite how well hotels try to segment their inventory, most find that there are multiple subsets of rooms lumped into one rate/room-type category.

For example, a "deluxe" category might or might not have a certain view or specific location. Most hotel reservations agents will tell callers that they "will make a note of your request, but it is not guaranteed," and then go on to hard-block the requested room.

Instead, consider allowing your voice agents to "confirm" the request for an additional add-on fee above the rate.

'Confirming' bed type

While some hotels do segment bed type, others include a mix of kings and doubles in one rate/room category. As in the above example, most reservations agents tell callers they will "request" the bedding preference.

Instead, consider allowing them to charge a fee to "confirm" it and then to hard-block the room.

Early arrival and late departure

While most hotels have a check-in time somewhere around 4 p.m., some guests arrive super early. It is one thing if the guest wants to check in at 3 p.m. instead of 4 p.m. But if a guest is coming off of a red-eye flight, or if a resort guest wants to spend all of their first day enjoying the activities, they might be willing to pay an additional fee to "confirm" this in advance.

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Note regarding the above three examples: Understandably, there are operational challenges involved in enabling the hotel to honor the for-fee request. Additionally, it is possible that a guest might not get what was confirmed, in which case the add-on fee can be rebated. If your inventory of preferred rooms is particularly limited, make sure your agents explain this: "While we are confirming this, in the outside chance that it cannot be honored, the fee will be rebated."

Date changes on pre-paid nonrefundable rates

Consider charging a significant fee for allowing guests to date-change pre-paid and nonrefundable rates. Certainly, one of the most difficult guest service situations is when someone who is holding these types of reservations calls in to cancel due to an emergency such as illness, extreme weather or a death in the family. This is especially hard when there is documentable evidence, such as a major winter storm that everyone knows has closed all the airports, or when the caller offers to send a copy of a hospital admission, an obituary or death certificate.

From what I hear, many hotel managers end up giving in, perhaps out of kindness or maybe just to avoid the negative reviews or social media postings.

Airlines figured out a long time ago that they can reduce the ill-will and at the same time generate revenue by charging a change fee for a nonrefundable ticket. Experienced travelers know that once the change fee is deducted, the credit you end up with towards the new itinerary is usually minimal, and you end up spending nearly as much as you originally did for the new ticket. Yet as a consumer it sure feels better to get back at least some money, and this rate strategy would allow hotel managers a way out other than just refunding the whole amount, as so many often do.

Changing dates within the cancellation period

Similar to the above example, most destination resorts charge a deposit ranging from one night to 50%, and, in some cases, to full pre-payment of the room and tax 30 days prior to arrival. Although these terms are clearly spelled out in confirmation emails, it is still a very difficult for a hotel manager to say "no" when a guest calls to change dates (or to attempt to cancel) within the cancellation period. As with pre-purchase rates, from what I hear the managers often end up caving in to avoid bad social media buzz.

Instead, consider charging a significant change fee within the 30-day cancellation window; the fee can escalate closer to arrival date.

Regarding the above two examples, take note: If your resort is located in a remote location where most guests arrive by air, such as island resorts, it might not be feasible to have these as a published policy, since there might be less chance for short-term bookings to replace the cancellation. However, for many resorts in drive-up markets, the room can easily be resold, and the original guest re-booked, with the resort generating additional revenue.

Allow cancellation within the first 24 hours

This rate works well at resorts which typically require significant advance deposits upon booking, and therefore are currently offering "courtesy holds" to those who are still shopping around or coordinating plans with larger parties. Typically resort agents offer a courtesy hold, which is released after one to three business days. Instead, consider switching to a method whereby guests can book now and pay their deposit, but then cancel within 24 or 48 hours for a full refund.

Doug Kennedy is president of the Kennedy Training Network, Inc. a leading provider of hotel sales, guest service, reservations and front desk training programs and telephone mystery shopping services for the lodging and hospitality industry. Kennedy has been a fixture on the industry's conference circuit for hotel companies, brands and associations for more than two decades. Since 1996, Kennedy's monthly training articles have been published worldwide, making him one of the most widely read hospitality industry authorities. Visit KTN at www.kennedytrainingnetwork.com or email him directly doug@kennedytrainingnetwork.com. He is the author of "So You REALLY Like Working With People? - Five Principles for Hospitality Excellence." (https://www.createspace.com/6608751?ref=1147694&utm_id=6026)

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