



Revenue Management

**How to capture business during the shoulder season**

by [Alicia Hoisington](#) | Oct 8, 2018 6:58pm



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It's no secret that hotels experience shoulder seasons, or off-peak times, that causes revenue to fluctuate. However, that doesn't mean hoteliers can't strategize to maximize dollars coming in during these times.

Gino Engels, co-founder of OTA Insight, said a winning strategy starts with setting realistic expectations.

"For revenue managers, unbridled optimism spells disaster. Revenue targets shape annual budgets, from operations to capital investment," he said. "If you set unrealistic targets, you set yourself up for failure."

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However, Engels said there's no reason for revenue managers to be pessimistic. Rather, they should use their planning phase to create an attainable goal that still pushes the team to perform. That goal should then be communicated across the company. From there, it's time to focus on creating opportunities.

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"Most destinations have events throughout the year. Identify certain events that might have untapped demand—for example, a smaller local festival that has the potential to attract more visitors," he said.

Crafting unique packages that set the hotel apart from the guy next door is another way to drive business, he added. For example, hoteliers can add a special menu item that attracts food lovers to a culinary festival or work with a local artist on a limited-edition piece of work tied to an art event.

"These also appeal to locals, which attracts a demographic with consistent demand," Engels said.

### Is it Time to Slash Rates?

Simply decreasing room rate as a way to drive off-season business is a shortsighted strategy, Engels cautioned. "It's not great for your brand, and it's also not great for long-term customer retention."

Instead, he offered some other strategies:

- **Monitor the competition:** Don't get stuck in a race to the lowest rate, but rather differentiate the hotel so that price isn't the only thing drawing in guests. Value-based pricing is a great way to offer packages that set rooms apart without adding too much additional cost.
- **Resonate with room packages:** Offer value-adds such as late check-out, free breakfast, cocktails or free nights for extended stays. The more creative, the better. Induce excitement for these offerings with eye-catching photography on social media and other channels.
- **Look to groups:** This business can be a good way to build demand and allows hoteliers to negotiate rates directly without discounting



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publicly. Groups then can help meet occupancy goals and offer some breathing room with guaranteed revenue and opportunity to fill gaps.

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## Planning the Right Strategy

Planning for the low-demand periods needs to be a year-round activity, according to Engels. It requires revenue managers to be nimble and prepared, especially because sometimes things don't pan out as hoped.

First, Engels said it's important to think about and discuss what the desired outcomes of the shoulder season are and set them up front. Beyond that, there is a need to be specific.

"General targets perform poorly because they do not provide specifics that teams can rally around," Engels said. "Look at historical low demand and set measurable goals accordingly. Is it occupancy rate? Average daily rate? Or perhaps it's a goal for the number of positive reviews?"

Next, he said hoteliers need to prepare to execute the plan. They need to be aware of the next steps and take the time to complete any tasks that need done in order to make the plan a reality. Then, hoteliers need to work during the busy season to build their databases and capture guest reviews to set them up for success in the off-season. Finally, Engels said hoteliers need to plan for more than just the current year's low season.

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"While your plans will adapt and evolve, you can set the foundations for future years based on this work," he said. "Business moves in recognized, repeat cycles, so think ahead so you don't have to be so reactive."

But if things don't go according to plan, Engels encourages hoteliers not to panic because no amount of planning can account for everything. It's important that hoteliers are prepared at the onset to adapt to reality through a "test and learn" approach.

"If some of your initiatives are not performing as well as your plan, have enough backups ready to try next," he said.

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