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# Seismic shift coming to revenue management, experts say

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Those involved in revenue management say the next 18 months to five years will be a critical transition period of hiring, consolidation and hyper-personalization with the guest.



Hyper-aware of the challenges of revenue management, hoteliers are looking for solutions. From left: Clinton Campbell, Commercial Director at Apex Hotels; Tori Ackling, Legacy Hotels. (Photo: Terence Baker)

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LONDON—The next year and a half likely will bring some of the most profound changes to how hoteliers regard revenue management, even in an industry that often is criticized for being way behind the developments seen in other fields, sources said.

And consolidation is coming to the discipline, sources added, as the industry struggles in the process of raising average daily rate.

Speaking at the Revenue Management and the Connected Customer conference organized by Revenue by Design, Clinton Campbell, commercial director at Apex Hotels, said systems need to become more intelligent, more connected to the customer and, importantly, more to the fore.

"We will be forced to implement change in 2019 as hiring will become harder and business rates are continuing to rise. The industry will continue to automate many manual experiences. In the next 18 months, we will see some dramatic change," Campbell said.

Difficulties in recruitment are tied somewhat to the probable outcome of Brexit and the United Kingdom's relationship with the European Union.

Tori Ackling, group revenue and distribution manager at Legacy Hotels, said companies must continue to invest in the revenue management teams that are in place. She added that in the rush to be more relevant and connected with the guest, revenue managers still need to be critically cautious about the General Data Protection Regulation

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"The industry needs to keep asking itself, are we doing it right?" Ackling said.

Campbell said such considerations will occur in a period of increased consolidation.

"Standardization might bring some of the (property management system) and (revenue management system) guys to come together, which I realize is an outcome that will not work for every hotel," he said.

Russell Low, director of revenue, midscale and upscale hotels, United Kingdom and Ireland, at AccorHotels, said the discipline must think far ahead of just a mere year and a half.

"More the question is how we will be in the next five to 10 years, because it is in that time span where we will see the biggest changes occur. Hotels will require more commercial directors as we take on board more variables and insights," he said.

Low said revenue managers need to obtain more data about guests' website journeys to guide strategy.

More information is not always a good thing, but Neetu Mistry, commercial director at Cycas Hospitality, said as technology has improved, her firm has been able "to make changes on several platforms without complicating strategy."

Success there will come about if the human resources function has its employee strategy correct, she said.

"Revenue management is still more likely to work across different silos, so we need to continue to change the mind-set of each department to work towards the same goal. There always is a lot of unlearning needed," Mistry said.

Low said the hotel industry is the third worst in revenue technology.

"It is just above the agricultural industry, which means we are just above farmers. ... The other worse sector is building, which is scary," he said.

"The level of data we have in hotels is very good and qualitative, but where we need to focus is on how we are using that data and what effective decisions we are making. That is a little of a sketchy answer, but simply it is not all black and white," he added.

Ackling said that as technology continues to improve, "asking for more technology is not an admission that we are failing."

### **Raising rates**

The purpose of revenue management is to help perfect overall profitability, and that generally starts with a focus on ADR, panelists said.

"How much of the impact of guests' experiences can we transfer to rates? Very rarely do we parallel customer experience with revenue delivery," Low said.

"Firstly, we analyze all the commercial aspects, and it is only when we get through that stack does someone ask, 'well, what is the service like?'" he said, adding that another challenge is that guests' patience has been reduced.

That is, there is a small window of opportunity for every booking and every upsell that follows it.

"Elasticity of pricing always is done on segmentation as opposed to what is the true value of a stay," Mistry said.

"What is the (unique selling point) of the hotel, and what we can contribute to that. Content is even more relevant," she added.

Ackling said such USPs might come from the left field.

"You can upsell anything. We heard at this conference of an Amsterdam hotel that has a joint-rolling class," she said.

Legacy technology also stands in the way.

"It can be easier just to add brands, rather than change the legacy of what you already have," Apex (<https://www.apexhotels.co.uk>)'s Campbell said.

"The popularity of Airbnb is because customers wanted to be more connected, and it is an error to say this is just for one demographic, as the information and sentiment goes up the line," he added.

Cycas (<https://cycashospitality.com>)' Mistry said integration with digital marketing has helped. "The focus is on acquiring the customer at the right price, so it is easy to forget the rest of the guest's journey. Integration with digital marketing has helped in this," she said.

Reaching that right customer is not always rocket science, panelists said.

"Hyper-personalization and the resultant reputation via word of mouth. ... The tribalism of guests can make or break a brand," Low said. "How can we connect with guests to show we have heard their feedback and translated that into actionable items?"

Ackling added that the industry must keep an ear close to the ground.

"For instance, millennial brides want to be contacted via WhatsApp. Who knew that? We need to get with the times," she said.

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