

Revenue Management

Hoteliers use revenue management to boost off-season

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Hotel operators can offer special rates, clever packages and improve online visibility to help put heads in beds during the slower months.



By [Laura Koss-Feder](#)

REPORT FROM THE U.S.—The off-season isn't a hotelier's favorite time of year. Rooms can sit empty, restaurants are quiet and the cash flow isn't as robust.

But, this can also be the best time of year for hoteliers to try out creative promotions, boost their properties' profiles with online travel agencies, partner with local attractions that are weather-appropriate for the time of year and even experiment with new restaurant menu selections.

Sources said the quick fix for off-season woes is to discount room rates more aggressively, but warned not to give away the store.

"Customers expect a decline in room rates in the off-season, but revenue managers shouldn't bring them down too much to the bottom of the barrel," said David Sangree, president of Hotel & Leisure Advisors. "If rates are too low, the travelers may start to wonder why they are that low."

A safe range to discount rates at most properties in the slower times of the year is between 30% and 50%, Sangree said. Occupancies also can grow due to clever packages centered around holidays and weekend getaways. For instance, for those hotels that have frosty months in the off-season, making the most of holidays such as New Year's Eve and Valentine's Day are a great way to attract guests. And, weekend breakfast for two and spa promotions also can be effective draws.

The 208-room Hotel Viking in Newport, R.I., offers a package during the February school break, which General Manager Mark Fischer said is an effective

way to help bring in families during the January through March off-season months. The property also tries to entice group business by creating special F&B events for these travelers, such as “Iron Chef” culinary competitions led by the executive chef or hosting a cocktail hour. The hotel manages to bring in more than 100 groups during these three months of the year by offering something unique and special, Fischer said.

In addition, Hotel Viking creates packages with the local historic mansions and museums that offer a great value, Fischer said. And because the property has an indoor pool, it showcases this amenity in winter by offering pool parties on weekends and a special movie night around the pool. All of these packages boost revenues around 30% and occupancies between 12% and 14% during the colder months, he added.

"We prefer not to do discounting, but rather to drive business through packaging," Fischer said.

At the 24-room beachfront Bungalow Hotel, located 350 feet away from the beachfront boardwalk in Long Branch, N.J., guests are enticed during the winter with free room upgrades, early check-in and late check-out based on availability along with substantial discounts, said GM Julian Payne. New this off-season, the hotel is promoting the Bungalounge—its art gallery that features local artists—which just opened in December.

"We feature and promote our special rates on the online travel agencies as a way to help stay competitive during the winter," Payne said.

Kristen Richter, VP of revenue optimization at Radisson Hotel Group, agreed, adding that during the slower times of the year hoteliers need to make sure their special rates are present on all kinds of online channels.

"Every special rate plan you are offering needs to be available and open online," Richter said. "You also can do clever packages."

However, she warned against completely lowering rates too much.

"Rates may go down 5% to 30%, but don't drastically lower them, because you can shoot yourself in the foot if you do this," Richter said.

She also recommended reaching out to groups during the off-season with incentives such as upgraded rooms and enhanced F&B packages and menus.

"The off-season also can be a good time to test our new promotions and ideas," Richter said.

Some of RAR Hospitality's strategies during its properties' less busy seasons include offering midweek specials, length-of-stay promotions, breakfast deals and advance-purchase rates. Some of these discounts could stack up to as much as 25%, said Frank Bewley, corporate director of revenue optimization and marketing.

"You have a chance during these times of the year to show off your restaurant and other facilities by offering creative promotions that will boost occupancy," Bewley said.

For these promotions to be most-effective, they really need to be thought-out and planned in advance, Bewley said.

"Revenue management is so important," he said. "We need to talk about our slow December weeks in June and plan early how we are going to try to bring in business during those times of the year; the earlier you can identify this the better the outcomes will be for your hotel."

There also need to be promotions carefully targeted to different markets, he added.

"One hotel may have a special brewery package, for example, and another property could have something else," he said. "There is no one-size-fits-all package."



The Bungalow Hotel in Long Branch, New Jersey, provides extras and discounts during the off-season winter months. (Photo: Bungalow Hotel)