

Revenue Management

Change or die, say hotel revenue, sales managers

24 APRIL 2019 8:14 AM

The need to change revenue-management processes and the staff required to run them is more prescient than ever as the world's largest companies delve more and more into the bookings and distribution spaces, sources say.



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PALMA DE MALLORCA, Spain—The ability to change is overwhelmingly the one necessary ingredient for success in the hotel distribution world, according to sources, who added the battle for supremacy is only heating up.

Speaking at the recent European conference of Hospitality Sales & Marketing Association International, Frederic Toitot, VP of global learning and development, revenue management, pricing and digital marketing at Accor, said talent is the new battle line.

“What the industry needs is those who can interpret the new data and aggressively affirm their findings into the business model,” Toitot said.

Michael Nowlis, associate dean of the Samuel Curtis Johnson Graduate School of Management at _____

Cornell University, cited a recent research paper in which 212 of the top CEOs from 15 countries said the most important skill they looked for in new employees is how they manage change.

Some of the planet's major companies, including those who threaten the current equilibrium of bookings distribution, have long realized this requirement, he said.

"Google executives say the company is worth \$175 billion, which is its balance-sheet equity, but its market capitalization on Wall Street is \$850 billion," Nowlis said. "What is this gap? The gap, the difference, is people."

Fernando Vives, chief commercial officer at NH Hotel Group, said the change needed for labor also needs to be employed in distribution processes. That comes at a cost, HSMIAI attendees said.

Sergio Juan Lozano, director of e-commerce, sales, marketing and e-distribution at BlueBay Hotels, said "getting direct (bookings) is costing more and more each day, as we are having to buy technology, but it is still not as expensive as going through an OTA or wholesaler."

If the right changes are employed to both processes and labor, and both are able to be continually tweaked, success will follow, Vives said.

"Strategy. Resources. Enablers," Vives said, referring to the three parts he believes must be present.

Education is another significant component of change, attendees said.

One barrier can often be owners who can immediately comprehend the reason for and cost of rooms CapEx but find it hard to fathom the benefits of buying yet more technology tools, Toitot said.

"The problem of distribution is not a technological one, but a strategic one," said Stephan Aigner, director of profit clusters at Nordic Choice Hotels.

Why? Because as Booking.com, Google and others look to move into the hotel industry merchant model, hoteliers need to have a firmer grip on distribution, attendees said.

Hoteliers must get smarter to compete, and data must be readily available and deciphered correctly, Vives said.

"We devised a new strategic pricing framework, a new room-type structure and a new rate-code structure," Vives said. "More than 2 million changes were made to (NH's) database in seven months, and we saw the potential to leverage (revenue per available room) through a structural change on segmentation."

He advised vendors "to sit down with revenue managers to make sure solutions can be integrated into NH's systems, so all the information is in one place, and stakeholders do not merely pull out information from a random sources."

In an HSMIAI rapid-fire Q&A session, attendees were asked to state what changes they saw coming to the hotel industry in the next few years.

HSMIAI: What do you think will be the major innovation in hospitality technology five years from now?

"Guests being able to specify their room type, its exact location and what is in it." —Gil Mulders, head of learning, Europe, InterContinental Hotels Group.

"To understand what tech is needed to take this personalization to the next level. Voice, the correct interpretation of voice requests and being able to do this in your own language. And the need to change the (property management system), as you cannot personalize something if you have no idea what you've sold." —Josje van Dongen, head of innovation, manager of the hotel management track at Hotel Management School Maastricht.

HSMIAI: What do you think will be the major innovation in the hospitality business five years from now?

"Compensating those who are responsible for others traveling, which usually is family and friends, not marketers and hoteliers." —Scott Dahl, senior lecturer, École Hôtelière de Lausanne.

"Innovation in how staff work and how they are paid, and experiential travel will continue and grow, with there soon being the ability to book everything." —Mulders

"Google is coming. Also Alibaba, Amazon? There might soon be the need for digital travel agencies to help guests properly navigate their hotel stay and travel experiences." —Roman Sucharzewski, director of hotel distribution and marketing, Diamond Resorts & Hotels.

"There will be a blurring of different industries within hotels, with some non-hotel firms starting (their business plans) with the hotel piece." —Van Dongen

HSMIAI: What do you think will be the major innovation in hospitality personnel development five years from now?

"Negotiating the need for skills and development in a loyalty-less employment landscape." —Aigner

"Agency-led and -developed employees, and more innovation in staff housing and workplaces balanced against the idea hotels still do great things in making hoteliers from nothing." —Mulders

HSMIAI: What do you think will be the major innovation in hospitality customer service five years from now?

"The requirement to pre-empt a lot more, a lot more other than what guests ask for, and face recognition." —Mulders

"There will be two extremes. Either no service or full service." —Aigner

"Working out how to service guests who have more things at home than you do at your hotel." —Per-Arne Tuftin, CEO of Norwegian tourism firm Norsk Reiseliv.



Accor's Frederic Toitot said staffing is the fundamental battle line in the fight to change and secure more direct share of guests' wallets. (Photo: Terence Baker)