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IN TODAY'S ECONOMY, HOTELIERS NEED SOLUTIONS THAT WORK



Ms. Dickinson

Revenue Management

The Hotel Asset Manager's Role in Creating Value Through Revenue Management

By [Kristie Dickinson](#), Vice President, Capital Hotel Management

Ask any hotel asset manager what they are focused on these days and revenue management will undoubtedly be at the top of the list. Demand has reached record levels and supply growth remains largely in check, setting the stage for what promises to be another year of healthy RevPAR growth (forecasted in the four to six percent range, depending on the

source). With strong gains in revenue comes increased profit potential. Exactly how much revenue will be realized from incremental sales lies squarely in the hands of revenue managers, who must grapple with an ever expanding distribution landscape and rising guest acquisition costs. The complexities surrounding hotel revenue management, coupled with its influence on bottom line results, has garnered much attention by hotel owners and investors, and by extension, the asset managers responsible for aligning operating team efforts. Hotel asset managers can help shape and support the revenue management function to ensure hotels achieve their profit targets and ultimately optimize the asset's overall value.

Taking the Pulse

It is fair to say that most hotels are employing revenue management practices today, and have some level of resources dedicated to the effort. Despite a marked improvement in talent and a general focus on revenue management as an industry, there still is a broad range of skill levels from one property to another.

Some hotels have a dedicated revenue manager on site, while others participate in a "cluster", whereby the revenue management function is centralized and includes oversight responsibility for several hotels in a given region. Each structure presents unique opportunities and limitations which need to be navigated. Some revenue managers approach the role as an analytic discipline, relying heavily on data and trends to forecast demand, make pricing decisions and develop specific strategies by room type and segment. Others are more reactive and focus their time managing channels with little to no strategy to support their efforts. At some hotels, revenue managers serve as members of the executive committee and direct the efforts of revenue management (and profit maximization) across transient and group sales, as well as other operating departments. Other revenue managers are compartmentalized and focused primarily on transient rooms. A team's ability to effectively apply revenue management practices will also vary based on resources available at the corporate/brand management level, including revenue management systems, training and market intelligence.

Having assessed and worked with a wide variety of hotels, asset managers are adept at identifying where operating teams fall along the spectrum and offering immediate recommendations for improvement. Such recommendations may include realigning the organizational structure, making an investment in systems and training, identifying the need for additional talent and resources, and possibly revising goals and incentives in support of optimizing revenue management

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Kristie Dickinson

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OCTOBER: New Developments and Best Practices on Maximizing Revenue Management



Total Revenue Optimization: Lessons Learned From the Casino Industry

By [Angie Dobney](#), Vice President of Pricing & Revenue Management Services, Rainmaker Group

You've heard the expression - "better late than never!"... Well it appears this expression may apply to a majority of the traditional hotel industry when it comes to embracing total revenue optimization. After years of dipping its toes in the water, the hospitality industry appears ready and willing to jump headfirst into a concept that, for more than a decade now, has helped many casino-hotels take their revenues to new heights – anywhere from 5- to 15-percent increases! Below are some of the key practices of casino-hotels that are applicable for traditional hotel to incorporate- [READ MORE](#)



The Value of a Package to Both the Guest and the Hotel

By [Kevin Robinson](#), COO and Managing Partner, Aparium Hotel Group

Packages are valuable marketing components that increase hotel awareness, create value for the guest, and often times drive room nights over need periods. The effectiveness of the package often is dependent upon the elements associated with the overall experience as well as the price point at which the package is offered. [READ MORE](#)



Increase Tax Savings with Capital Allowances

By [Michael Brownsdon](#), Associate, Capital Allowances, Savills



efforts. Although asset managers can be equally effective in identifying opportunities with both basic and highly sophisticated revenue management teams, being able to quickly assess the situation and outline a clear path is the first critical step.

It all Starts with a Strategy

What is the best strategy for a given hotel? From an owner/asset management perspective, the best strategy is one that serves to optimize profitability, not only in the rooms department, but for the hotel

overall. Further, the best strategy positively impacts short and long-term performance. Asset managers bring an ownership perspective to the operation, which helps keep the team focused not only on short-term goals (annual budget) but also on long-term goals (performance over the investment horizon). Aligning revenue management practices with investment goals gives way to a more thoughtful, proactive and analytical approach. The result is a clear strategy which typically puts a higher emphasis on growing ADR and preserving rate integrity versus short term occupancy, and balancing segmentation to ensure the most profitable mix of business is achieved. From an asset manager's perspective, decisions made today should support performance targets three to five years down the road.

For example, a sales manager might have the opportunity to lock in a corporate preferred account for the next three years. On the surface, a three year contract seems advisable as it serves to achieve short term revenue targets as well as long-term goals. However, if industry intelligence is forecasting ADR growth of four to six percent over the next 18 months, an asset manager will likely challenge the sales manager to evaluate potential displacement and/or negotiate a contract that includes rate increases in each year, in order to meet both short and long term objectives.

From the Outside Looking In

Asset managers are uniquely qualified to hold operating teams accountable. It's human nature to rest on one's laurels, especially during periods of strong performance, and operating teams are not immune. An asset manager will bring focus on future anticipated performance and challenge the operating team to look forward and proactively implement strategies for continual improvement.

It is important to remember that most property management teams are part of a greater organization, be it corporate brand and/or management companies, that have specific goals and objectives, as well as reporting and program participation requirements. Many of the brand initiatives in recent years have been related to revenue generation efforts, including areas such as e-commerce, revenue management systems and global negotiations with OTAs, among others. While many of those initiatives have proven quite effective in enhancing revenue management efforts at the property-level, there are exceptions.

Knowing which programs can and should be implemented based on the unique needs of an individual property will ensure the benefit justifies the costs, many of which are owner-funded. Asset managers serve as a gatekeeper to assess which brand and management programs will best support the strategy in place, and encourage the team to track and demonstrate the effectiveness of each program implemented.

Bench Strength

Because asset managers work with a wide variety of brands, operators, product tiers and markets, they bring a 'big picture' perspective to all aspects of operations, but revenue management in particular, because it is such a burgeoning field. Given the steep learning curve and plethora of new tools, strategies and disruptive forces, facing a property-level revenue manager, having an asset manager as a resource with experience beyond a particular brand family, or management company, can prove very valuable.

For example, asset managers work with teams that utilize a variety of revenue management systems and can speak to the strengths and weaknesses of each, as well as highlight cost considerations, helping to reduce the time and effort associated with selecting a new system. On a more tactical level, asset managers can share specific strategies that have proven successful at other hotels that may bare relevance at another property.

One of my favorite examples is a shared best practice that originated at a hotel that was located adjacent to a MLB ballpark. After identifying that demand for rooms facing the ballpark was twice that of those rooms located on the opposite side of the building, which happened to be much larger with better overall views, the pricing strategy was adjusted to increase the price of the smaller sized rooms on game days to rates comparable and in some cases even higher than those not facing the ballpark. Sharing this concept of "valuing" room inventory based on factors other than size and view at varying time periods, eventually changed the way several other hotel teams evaluated and strategized around inventory pricing.

Capital allowances are a widely misunderstood routine tax relief that taxpayers regularly fail to maximise. An in-depth analysis of capital expenditure on property assets, including their acquisition, can yield HMRC approved reductions in tax. Poorly defined terms for plant and machinery in legislation gives rise to the undervaluing and misallocation of qualifying assets within tax computations. Reviewing historical and current capital expenditure can result in significant tax savings in current years. [READ MORE](#)

Metasearch Can be More Fruitful for Travel Suppliers if They Count on Value of Analytics



By *Matthew Goulden, Managing Director, Triometric*

The battle to tilt a traveler's decision in favor of a specific brand - be it for a supplier or an intermediary - continues to get intense. The focus is on identifying a "lead" as soon as it emerges in the digital domain, and that's where travel metasearch engines are showcasing their prowess. A travel supplier such as a hotel chain or airline needs to plan astutely for real-time hotel inventory availability/ pricing, and optimize campaign, budget and bid management. Since suppliers are dealing with an increasing number of traffic generation sites, associated costs have gone up. No category is feeling this more keenly than hotels. And importantly, a large component of this expenditure is going into competing with OTAs, either via brand.com or other channels such as metasearch. This is unproductive since travel suppliers are paying multiple times for the same conversions! How much to embrace the metasearch phenomenon is a topic of debate at hotel distribution conferences such as those held by HEDNA in January and June of this year. [READ MORE](#)

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New Metrics, New Goals: As the industry continues to recognize the value of revenue management and its direct impact on profitability, new metrics are being introduced to measure performance in more meaningful ways. Some of the more innovative metrics being introduced include Net RevPAR (which reflects rate net of commissions), as well as, Gross Operating Income per available room, (GOPAR) a measurement more focused on profitability, rather than top line performance.

Organizations such as HAMA (Hospitality Asset Managers Association) are leading the charge for more accurate reporting and routinely collaborates on industry intelligence that is shared throughout the asset management and ownership communities. Using this collective intelligence, asset managers remain at the forefront of owner issues, and can work to implement new metrics and new incentive targets that serve to focus operating teams on the bottom line.

Revenue management offers the single greatest opportunity for profit growth and value enhancement in today's market and hotel asset managers bring both strategic vision and broad perspective to the operating teams they support.

Kristie Dickinson, a New England transplant, brings more than 15 years hospitality industry experience to her current role as a Vice President for Capital Hotel Management (CHM), a leading hotel investment and asset management company. Ms. Dickinson is responsible for supporting the strategic planning efforts for hotels under asset management, with a focus on revenue management practices, sales and marketing effectiveness, market positioning, segmentation and rate strategy development. Ms. Dickinson oversees special projects including feasibility and financial analyses aimed at operational enhancement, property acquisition and exit strategies. Ms. Dickinson can be contacted at 978-522-7002 or kdickinson@chmhotel.com [Extended Bio...](#)

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September 16

Learn from the experts at the Revenue Strategy Summit, this October 16 at the Affinia Manhattan, New York, NY. Gain insight on how to adapt through real-world opportunities and models by leading brands, hoteliers and travel companies as they highlight how they handle disruption in the face of the ever-changing marketplace. For more information and to register visit <https://www.regonline.com/RSS14>

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Of all the areas of a hotel's operation, perhaps none are as crucial, challenging and dynamic as the Sales and Marketing department. In their rapidly evolving world, change is the only constant, driven by technological innovations and the variable demands and expectations of a diverse traveling public. These professionals occupy a vast, multi-channel universe and it is incumbent on them to choose wisely when determining where and how marketing dollars are to be spent to generate revenue from all their multiple constituencies – individuals, corporate guests, groups and wholesalers. Complicated decisions are made and complex plans are devised, based on answers produced from intricate questions – What is the proper balance between Direct vs. Indirect Channel Sales? What kinds of resources are to be devoted to a comprehensive digital marketing program (website, email, social, blog, text and online advertising) on multiple channels (desktop, tablet and smart phone)? What are the elements driving local market conditions and how can local people be attracted and the local competition bested? How does an operation research, analyze and partner with group business generators, meeting planners, wholesalers, incentive travel companies, corporate travel departments, and franchise-sponsored marketing programs? How can effective sales incentive programs be implemented and how can a strategic marketing campaign be deployed? How are new sales leads prospected, qualified, sold and closed? The November Hotel Business Review will examine some of these critical issues and explore what some sales and marketing professionals are doing to address them.

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