

# COVID STRATEGY EBOOK: **REVENUE MANAGEMENT**

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MAKE THE MOST OF MARKET  
RECOVERY USING SAVVY REVENUE  
MANAGEMENT

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Nobody knows exactly what recovery will look like in the hospitality industry. There's one topic, however, that the experts agree on: your approach to revenue management will decide how well you get through these challenging times.

We've interviewed seasoned revenue management experts to get you started down the right path. Their advice forms the basis of this comprehensive Covid-time revenue management guide and should spark a few unexplored ideas for your hotel!

It covers:

- How to navigate changing demand landscapes
- What you should consider when pricing your rooms and forecasting business
- How and why to shift to total revenue management instead of just looking at rooms

Let's get started!

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# CHAPTER ONE

## REVENUE MANAGEMENT & CHANGING DEMAND

NAVIGATE CHANGING DEMAND LANDSCAPES TO  
BUILD AN UNDERSTANDING OF GUESTS' NEW NEEDS  
AND PREFERENCES

Featuring advice from:

Thibault Catala of [Catala Consulting](#)

Adrienne Hanna of [Right Revenue](#)

Melissa Kalan from [ARMA](#)

Annemarie Gubanski from [Taktikon](#)

International travel restrictions have led to drastic shifts in booking patterns across most segments. Updating your segments and target markets is an important first step to dealing with changing demand landscapes in the wake of the pandemic.

### 1.1 PREPARE FOR A CHANGING GUEST COMPOSITION

- **Leverage website data to see which markets are ready to travel.**  
Check your website traffic in a tool like Google Analytics to see where your site visitors are from. The result will probably be different than pre-Covid and show you which new markets you can reach with geo-targeted marketing activities.
- **Analyse PMS data to understand how your segments are shifting**  
data to answer the following questions:
  1. Which segments have dropped the most?
  2. Which segments are beginning to recover already?
  3. Which ones will take longer to return?
  4. Are you attracting new guest segments? If so, is there room for growth in this area?

Your answers will help you understand which guest segments you served before, if and when you may get them back and whether you can tap into other segments in the meantime.

- **Branch out to reach new segments to optimise your spread.**  
If your usual guests won't come back any time soon (e.g. if you normally target international leisure), Melissa Kalan, founder and CEO of ARMA (Australian Revenue Management Association) suggests that you should find out who is likely to travel to your area right now. Then think about how you can position yourself to attract these first travellers and get your piece of the pie.

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## 1.2 FOCUS ON YOUR DOMESTIC MARKET

Hospitality professionals everywhere agree that the domestic leisure segment will be the first to recover. Right now, this is a great place to focus, even if domestic leisure guests are not usually your primary target market.

- **How to attract leisure guests if you've never had a strong leisure base.** Look at what leisure guests want and need right now. Positive reviews people have left for other properties can be a source of inspiration. Then get creative – your offers don't have to be fancy or cost-intensive but should rather be fun and personal.
- **Help them discover their neighbourhood.** Your domestic guests may already know the region well but if you can suggest and plan cool new trips and activities for them, they'll feel like they're in a whole new place. This also shows guests that there is plenty to do outside of the hotel and they don't risk getting bored.

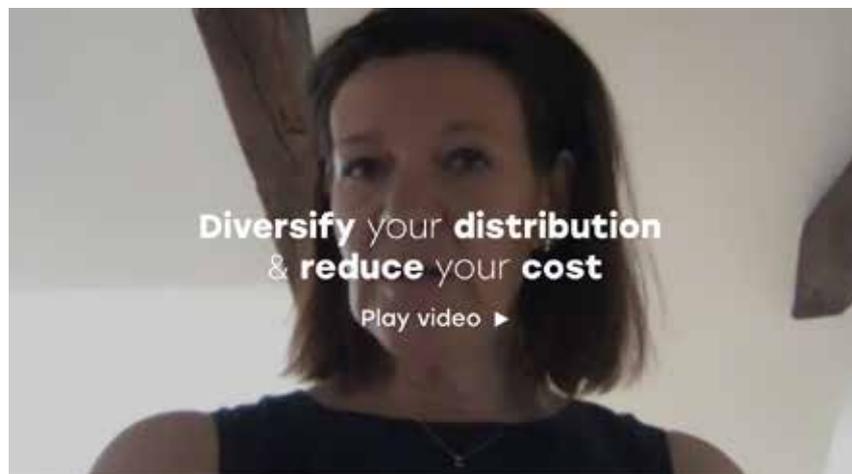
## 1.3 GET READY FOR STAYCATIONS

- **The best place to start:** Staycations are the ideal way for people to ease back into travelling and for hotels to ramp up operations after a lockdown or a time of extremely slow business. Begin by promoting these offers in your country or region since most guests won't want to drive far or stay for too long.
- **Expect short lead times:** Staycation guests often book on short notice. Keep an eye on booking trends at your property, so you have enough clean rooms available, can schedule your staff accordingly and don't have to turn away business because you weren't ready.

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- **Offer attractive deals or packages to encourage longer stays**  
Encourage guests to book an extra night or two with a great package including fun activities or extra services that will guarantee they'll have a fantastic time. This will also help your offering stand out and generate more bookings.
- **Reach potential staycation guests with targeted ads.** Your staycation audience can be clearly defined in terms of geographical location, age group and interests. Use this information to create pay-per-click advertisements and get in front of your ideal staycation guest.
- **Get on local staycation sites or work with properties in your area to create one.** Staycation sites have been popping up in many regions and feature local hotels and their offers. This is a fantastic way to work with other businesses who are in the same boat and generate bookings together.

## 1.4 DIVERSIFY YOUR DISTRIBUTION AND REDUCE YOUR COST



While this is a challenging time, it also offers the opportunity to revisit and optimise your distribution strategy, both in terms of reach and cost.

- **Understand your current distribution strategy.** Check where you are selling your rooms and identify the best- and worst-performing channels by:
  1. Checking which channels bring you the most reservations
  2. Analysing the costs/commissions charged by your channels

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- **Research new distribution channels.** There are countless OTAs which cater to specific markets such as luxury boutique travellers, couples, families, outdoor enthusiasts and many more. Find the ones that reach your target audience to get in front of the right people.
- **Push for more direct bookings.** If you haven't been doing this already, start now. Ensure your rates are in parity across your channels and throw in a direct booking bonus like free parking or an F&B voucher. Advertise these bonuses when you market your property and let guests know how much it means to your hotel if they reserve via your website instead of an OTA.
- **Collaborate with local partners.** Work with local tour operators and other businesses to create an unforgettable experience for your guests. Advertise these partnerships to highlight your unique offering and to show that you're supporting companies around you.

# CHAPTER TWO

## FORECASTING AND PRICING FOR OPTIMAL REVENUE MANAGEMENT DURING MARKET RECOVERY

### HOW TO BUILD A (CONTINGENCY) PLAN BASED ON THE SHORT TERM AND VARIOUS WHAT-IF SCENARIOS

Featuring advice from:

Thibault Catala of [Catala Consulting](#)

Adrienne Hanna of [Right Revenue](#)

Annemarie Gubanski from [Taktikon](#)

As a revenue manager, you may have asked yourself the following questions recently:

- Is it worth the effort forecasting with such an unpredictable future ahead of us?
- Should I drop rates to drive business or increase prices to make up for lost revenue?
- How can I manage and reduce costs in this low-demand time?

We've summarised insights on these topics from our revenue management experts to help you find some answers to these burning questions

### 2.1 THE IMPORTANCE OF FORECASTING IN UNCERTAIN TIMES

While forecasting may seem futile due to the many unpredictable changes in rules, regulations and demand, it's more important now than ever.

Here are four ways to use forecasting even in a volatile market:

- **Outline several scenarios.** Creating a forecast, might make you feel secure as you have something to go by. Unfortunately, it's likely that this will mean you are less able to adapt if things don't go as planned. Instead, create a best- and worst-case scenario and medium-case scenario to get an idea of possible outcomes, how these would impact your property and how you can react to them. This way you'll be better prepared for whatever does happen and will be able to make decisions quickly and confidently.
- **Leverage revenue management technology and your experience.** Revenue management systems (RMS) help you save time and provide deep insights into how demand in your area has been developing. Leverage your experience and knowledge of the industry to interpret this data and refine your forecasts.

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- **Look at the short term.** Government regulations around travel can change daily and lead to a quick rise or drop in demand. Monitor the situation in your home country and key source markets to anticipate changes as much as possible. Focus your forecasting on the short term (4-6 weeks) and be flexible with updates to accommodate sudden changes.
- **Predict and manage your operational costs.** Apart from showing you how much revenue you will be generating in the coming weeks, your multi-scenario forecast is also an important planning tool for operations. Departments such as housekeeping, front office, F&B and engineering will use your forecast to schedule staff and purchase supplies. Work closely with them and keep them updated on any changes to help them manage their workloads efficiently and cost-effectively.

## 2.2 RATES VS. EXPERIENCES: WHAT DO YOUR GUESTS WANT RIGHT NOW?

When fighting for the little business there is, it can be tempting to slash your rates to attract guests. But is that the only solution?

Our experts explain five things you need to be aware of when updating your room rates during the Covid-affected period.

- **Don't blindly drop your rates.** This approach may bring limited results in the very short term but recovering from aggressive price drops could take years, harming your profitability in the long run. Avoid joining (or starting) the race to the bottom. Demand is limited now and lowering rates will not increase it.

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- **Stay true to your brand and price positioning.** Be strategic and keep your branding and price positioning in mind if you decide to lower your rates.
  1. What does your property stand for?
  2. Who are your ideal guests?
  3. How would they perceive steep discounts or radical price reductions?

Answer these questions carefully before going ahead since drastic moves can change how customers perceive you and may even damage your reputation.
- **Focus on value for money and experiences.** Find other ways to offer your guests a bargain, instead of just cutting your rates. This can include creating packages that include several ancillary services like room service breakfast, parking and bicycle rental. Apart from providing extra value, this package can promise great experiences like a leisurely breakfast in the comfort of the room and a fun excursion your guests will remember and probably cherish more than a discount in the long run.
- **Use clear messaging.** Let guests know exactly what they're getting for their money. Competition for business will be fierce, so you will need to justify your rates, especially if your competitors are discounting. Describe the benefits guests will get from booking with you and highlight the fun, memorable experiences you will give them. Focus on things many people missed in the past few months including quality time spent with loved ones, outdoor activities, exploring a new place or simply switching off in a relaxing environment.
- **Analyse your market and find your approach.** In this unprecedented situation, nobody can accurately provide a roadmap for how to navigate a new business landscape. Use the suggestions above to get ideas for different approaches and find what works best for you in your specific market.

# CHAPTER THREE

## SHIFTING FOCUS TO TOTAL REVENUE MANAGEMENT

SPREAD YOUR EFFORTS ACROSS ALL REVENUE  
STREAMS TO MAXIMISE INCREMENTAL REVENUE

Featuring advice from:

Thibault Catala of [Catala Consulting](#)

Adrienne Hanna of [Right Revenue](#)

Annemarie Gubanski from [Taktikon](#)

Thomas Greenall of [Bespoke Hotels](#)

Before the crisis, revenue management was largely focused on maximum room revenue. Today, hoteliers are looking for ways to generate extra revenue even during low-occupancy times. In line with this, we'll see an important shift towards total revenue management.

Check out the points below to find out how using total revenue management could benefit your property.

### 3.1 GET A BIRD'S EYE VIEW OF YOUR HOTEL'S REVENUE AND OPERATIONS

Understanding your hotel as a whole will help you identify new ways of wowing guests and increasing your total revenue. Here are some steps to follow to get started.

- **Examine your customer journey and their buying habits.** Take the time to learn where your customers come from, which sales and marketing approaches work best, and which services or products are most popular. Then look for ways to maximise profitable channels through enhanced collaboration or targeted marketing. End by deciding which of the less profitable approaches you want to eliminate.
- **Use technology where you can.** Modern hotel tech and AI-powered solutions can help you save time, get better data insights and make well-informed decisions faster than ever before. Leverage these tools so you can spend less energy on repetitive tasks and focus on refining your strategy instead. Think of it as transforming revenue management from an art into a science.
- **Evaluate data from other departments.** When you let a tech solution do the data collection and collation work for you, you can analyse more information from your different departments to get insights on their successes and challenges. Use this knowledge to further refine your approach and unlock new revenue-generating ideas.

# CHAPTER THREE

## 3.2 BOOST ANCILLARY REVENUE BY CROSS-SELLING & UPSELLING



Increasing revenue in departments apart from rooms is a big part of total revenue management. Especially since cashflow is a challenge for many hotels right now, generating more revenue across the board can make a deciding difference.

- **Implement a cross-selling and upselling initiative.** Use this low-demand period to train staff in upselling guests to higher category rooms and to promote other departments. For example, offer a discount on spa or F&B services if guests book on the day they arrive.
- **Streamline upselling and cross-selling with a tech solution.** Using an automated upselling platform will save you hours, take pressure off your staff and even allow you to promote offers to guests pre-arrival. This drastically increases your conversion rates and ancillary revenue.
- **Create unique offers and deals.** Make your upselling and cross-selling initiative more successful by offering your guests fun and exciting deals on top of the usual room upgrades. Let your creativity run wild here and test different options to see what your guests enjoy. Doing this lets guests personalise their stay in a way they couldn't before and ensures they'll have an unforgettable time.
- **Focus on leisure offers** since the leisure segment will be the first to recover and these guests are generally more open to upgrading their stay.

# CHAPTER THREE

## 3.3 REVENUE- GENERATING IDEAS ACROSS DEPARTMENTS



Below are a few ideas on how to generate ancillary revenue at your property. If they don't all work for you, use this list as inspiration – come up with something new and unique to try at your hotel, the possibilities are endless!

- **Food and beverage:**
  1. Extend restaurant opening hours to balance out restaurant occupancy restrictions
  2. Reduce menu options and work with seasonal specials to save on food cost and offer variety
  3. Join local food delivery services
  4. Offer deluxe dining packages in suites, by the pool or on the beach
  5. Pre-sell F&B credit at a 10 or 15% discount to encourage in-house spend
- **Spa:**
  1. Create special spa packages or offers for couples
  2. Promote your most profitable spa treatments via pre-arrival messaging
  3. Pre-sell spa credit with a 10 or 15% discount
  4. Set up combination packages including both F&B and spa services
- **Recreation:**
  1. Monetise your parking spaces with pre-arrival messaging or by opening them up to locals
  2. Partner with local tour operators, guides and destinations (e.g. theme parks) to offer guests fun activities they can do outside of the hotel
  3. Come up with family-friendly offers like movie night packages, pastry or cooking classes kids and parents can enjoy together

Place your USP at the fore of your brainstorming process to delight your guests and generate additional revenue. Every little bit counts and every additional perk to a stay will bring it closer to becoming an unforgettable experience for your clientele. Stay focused on your guest and you can't go wrong!