

A Revitalized Revenue Strategy at Hong Kong's Wharf Hotels

Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel cluster revitalise revenue strategy to boost ADR and RGI

Results: RevPAR: +12% | ADR: +12% | RevPAR Index: +4%
(H2 2018 vs. H2 2017)

The Challenge

Wharf Hotels' Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel all command prime locations close to the commercial and entertainment district of Kowloon and are linked to Harbour City – Hong Kong's largest shopping complex. In total, the three-property cluster has an inventory of 1,459 rooms in the city.

The three hotels have enjoyed high demand, with occupancy levels of 90-95%. Therefore, the next step in driving revenue was by growing Average Daily Rate (ADR) and RevPAR Index (RGI).

Both demand and competition in Hong Kong is intensifying. The city saw an 11.4% increase in arrivals to 65.1 million in 2018. However, the supply of hotel beds in Hong Kong will also grow by 3% annually in the next three years. Now was the time for the three hotels to make comprehensive changes to their revenue strategy in order to get ahead.

The Solution

The three-hotel cluster runs a fully integrated tech stack of which Duetto is a key part, built on two-way integrations with Opera, SiteMinder and other technology applications.

In early 2018, the cluster adopted GameChanger to enable the revenue team to yield room categories more effectively through automated room-type pricing recommendations.

Later that same year, the three hotels added Duetto's reporting and forecasting application, ScoreBoard. This enables the revenue team to better visualise their data through dashboards and gain additional insight through custom reports for all three properties.

"We monitor rates closely. The room rate may go up or down a few times within a day. Duetto helps me to adjust the rate based on data effectively."

— June Ng

Director of Revenue, Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel



The Results

Comparing H2 2017 to H2 2018 (when all three properties were fully utilising GameChanger and ScoreBoard) the three-property cluster saw a combined 13% increase in Room Revenue to HKD 457.2 million, a 12% increase in ADR to HKD 1,865 and a 12% increase in RevPAR to HKD 1,735. RevPAR Index (RGI) for the cluster increased 4%.

For the same period, Gateway Hotel saw a 13% uplift in Room Revenue to HKD 132.4 million while ADR at the property jumped 12% to HKD 1,922 and RevPAR increased 13% to HKD 1,801. Its RGI position improved 5%.

From H2 2017 to H2 2018, Prince Hotel also saw a 13% growth in Room Revenue to HKD 119.4 million, following a 13% increase in ADR to HKD 1,782 and a 13% increase in RevPAR to HKD 1,648. The hotel also enjoyed a 5% improvement in RGI.



Similarly, Marco Polo Hongkong Hotel saw a 12% increase in Room Revenue to HKD 205.5 million, following a 10% increase in ADR to HKD 1,879. The hotel saw a 9% increase in RevPAR to HKD 1,748.

How it Happened

The revenue team at the hotel cluster partnered with Duetto's Customer Success team to roll out an internal training programme to key departments and introduce more dynamic pricing strategies. This afforded the team the ability to begin pricing each of their segments and rooms independently and move away from the previous Best Available Rate (BAR) system.

While the three hotels have a central revenue team, they each have their own position in the market. Gateway is a lifestyle hotel, and targets

a younger, more energetic crowd, while Prince Hotel focuses on leisure guests. A priority was to identify their demand separately and build custom reports to better visualise the data.

The hotels form part of Harbour City, the largest shopping complex in Hong Kong, and work closely with the complex on joint promotions.

"The industry has used fixed BAR levels for the past 10 to 15 years. We decided to change to Duetto last year because we thought it was time to change for the future."

— June Ng

Director of Revenue, Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel