How To Drive More Profitable Hotel Revenue

The Executive's Guide to Maximising Hotel Profit:

How a Cohesive Revenue Strategy Coupled with Strong Data Analytics and Integrated Technology Will Help You Make More Profitable Decisions

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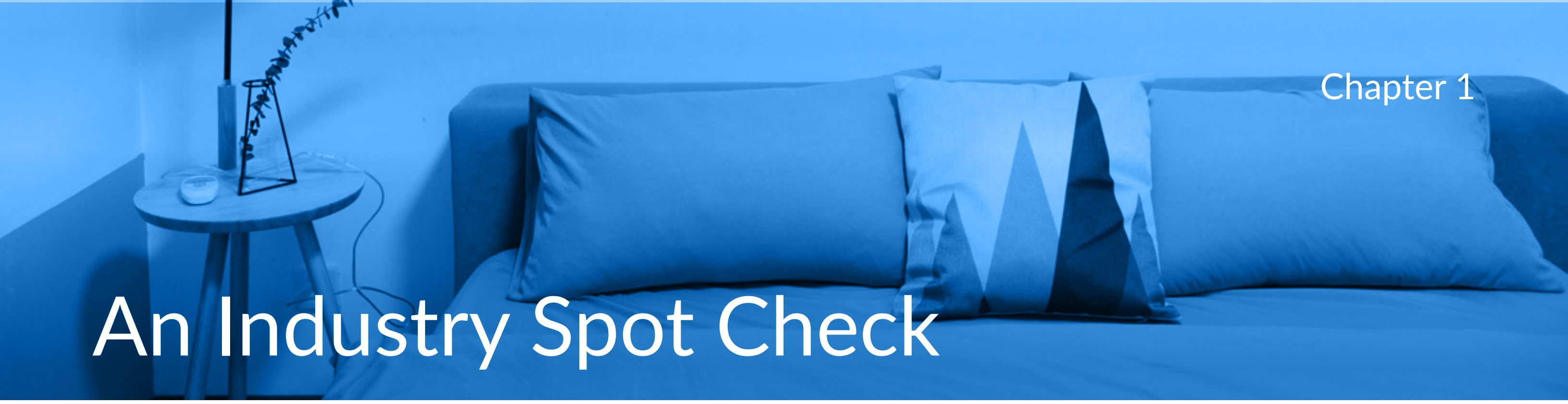
Table of Contents



An Industry Spot Check

The hotel industry continues to grow at an unprecedented rate. More people want to travel. And more investors and owners are entering the mix, hoping to turn a profit through hotel ownership and operation.

In this whitepaper we aim to explore the factors currently influencing the hotel market. Demand is up, but profit is not reaching its full potential. We aim to uncover the challenges being faced by the industry:

- Increased competition
- A changing accommodation landscape (Airbnb, etc.)
- New distribution channels
- Increased cost of acquisition

And alongside that, we aim to consider how the hotel industry can work smarter, not harder, to increase conversions, revenue and profit.

In the end, we'll show you how hotels can drive more profitable business.

Tourism Continues to Grow

The latest figures from the UNWTO show international arrivals growing 6% in 2018 to total 1.4 billion.

This is great news – or is it? Increased demand means that hotel occupancy rates should rise, but how many hotels are managing to convert this into increased profit?

Let's take stock of the situation.

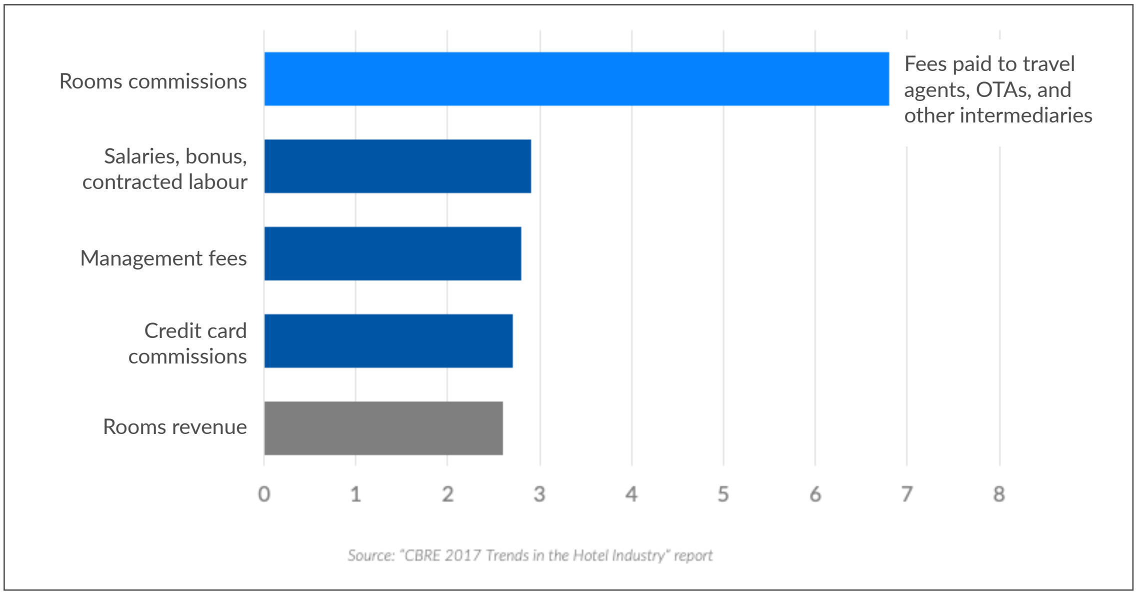
The US hotel industry is forecast to enjoy a 10th consecutive year of growth in 2019, according to data from CBRE Hotels Americas Research. The firm has predicted that hotel occupancy in the US will rise to 66.2% in 2019 – a fifth straight record level. That occupancy will be driven by a 2.1% increase in demand, although this will be somewhat rebalanced with a 1.9% increase in hotel supply.

How Will This Translate Into Profit?

Looking at current figures, it won't necessarily. The profitability outlook for 2019 is bleak. Revenue will continue to grow, but only because demand will remain strong.

CBRE forecasts that there will be a modest growth of between 2% and 3% in rooms revenue in the US market in 2019 (see Figure 1.1). But this will be offset by increases in cost, leading to flat or even declining gross operating profit for 2019.

Figure 1.1 - Annual Growth Percentage



"What we're seeing is O.K. revenue growth because demand increases have kept pace with supply increases at the macro level, but we're seeing weak average daily rate (ADR) growth. The significant increased cost of labour is resulting in very, very modest to nominal profit growth on the bottom line," says Mark Woodworth, Senior Managing Director, CBRE Hotels Americas Research.

HotStats has also reported a rise in labour costs. According to their data, rooms labour costs on a per-occupied-room basis are up around 4%.

"In the US, low unemployment and wage growth are conspiring to create a war on talent. This is a challenge that will spill over into 2019 and compel hoteliers to be even more vigilant and focused on the bottom line to ensure profitability," says Pablo Alonso, CEO of HotStats.

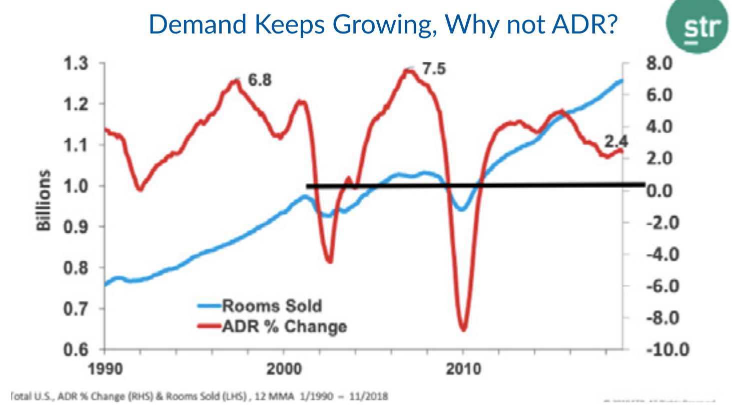
"In addition, the ability to drive rate will factor into profitability. If ADR percentage growth is at or below the rate of inflation, it will be difficult for hoteliers to drive higher profitability. In Europe, uncertainty still around a Brexit plan could negatively impact corporate travel, which could, in turn, be a huge gap that hotels will have to fill."

In Europe, rising labour costs are also proving a challenge, as Thomas Emanuel, Director of Business Development at STR explains: "It is impossible to look at Europe as a whole because each country and market is so different. To use a handful of examples: London, and the U.K. in general, will have to look at labour costs, particularly post-Brexit with changes to freedom of movement. The weakening of the Pound Sterling has also had an impact on the cost of imports. Paris struggles with labour costs, which in 2017 were 42% of total sales, the highest of the major markets we track across Europe."

Demand Up But Rate Growth Lags

The latest data from STR corroborates the situation laid out by CBRE. In Figure 1.2 we can see that in the US demand is at an all-time high, but rate growth still lags. Hotels in the US have seen 100 months of consecutive RevPAR growth, yet ADR growth remains somewhat stagnant, in line with the rate of inflation.

Figure 1.2



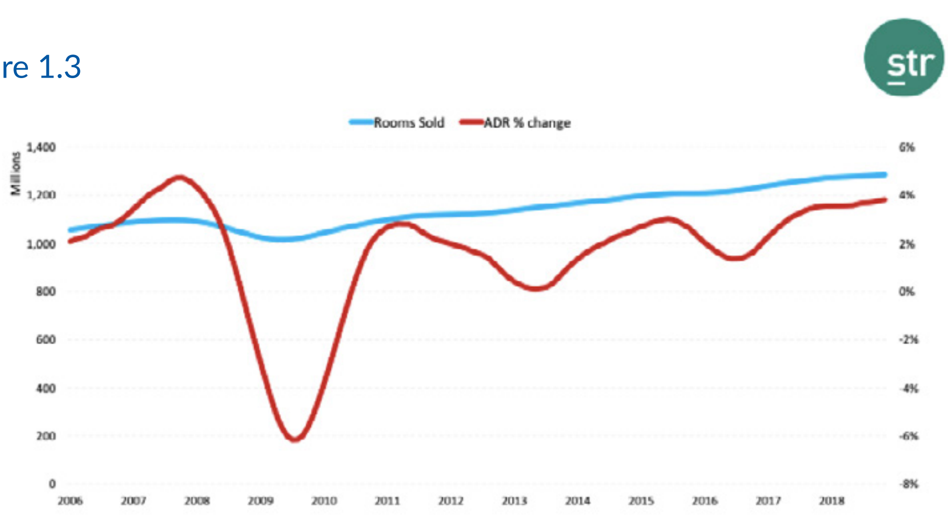
Jan Freitag, Senior VP at STR, sums it up: "Hotel rooms are too cheap. Despite the demand records we report on every month, hoteliers are just not comfortable taking advantage of the environment. But if not in 2019, then when?"

The story is the same in Europe. Again, demand is at an all-time high. According to the latest UNWTO figures, demand for Europe is currently growing at a rate of 6%. Yet rate growth remains depressed.

Figure 1.3 highlights the latest data from STR on the European market. From it, we can see that Europe has struggled to regain pricing power since the global economic recession in 2007. Yet prior to 2008, ADR growth led demand growth.

The danger is if hotels become complacent and decide to settle for this status quo of small gains. If ADR continues to grow at the rate of inflation while demand growth is good, what happens once demand declines? As evidenced by past recessions, ADR will quickly plummet.

Figure 1.3



Why Can't Hotels Drive Rates?

In Chapter One we looked at the current state of the industry: demand is up, but room rates do not appear to be fulfilling their potential.

"It's a classic game of chicken: If a hotel raises its rates versus its competition, they risk losing market share, which ownership doesn't like. The reality, however, is that driving ADR at the expense of occupancy has a more propitious impact on revenue per available room (RevPAR) and, consequently, TRevPAR (total revenue per available room). The forecasts for 2019 show that demand will still outstrip supply, so it's incumbent on all hotels to reassess their revenue strategy and drive rates where and when they can," says Pablo Alonso, CEO of HotStats.

Tobias Koehler, Group Director Marketing & Commerce, Ruby Hotels, believes hotels have a lot to consider right now: "Driving rate is one of the most difficult goals to achieve. Sometimes the growing supply in a market leads to a decrease in ADR, especially during low demand seasons. Besides that, you will only be successful if all your segments are working well. As soon as one segment fails, your overall goal is a lot more difficult to reach."

There are a number of reasons why despite growing demand hotels currently find themselves struggling to drive rate. In this Chapter, we take a look at some of the biggest challenges to revenue managers globally.

New Supply

There is no definitive head count to how many hotels there are globally, but as a rough guide to scale, STR's Hotel Census Database contains more than 190,000 hotels representing more than 17.5 million rooms. And that figure keeps growing.

What's more, the number of new brands entering the market also continues to grow.

In recent years we have seen new brands from Marriott, IHG, Hilton, Melia and many more. For example, in 2018, IHG launched Voco, a new upscale hotel brand that is slated to add more than 200 hotels to the IHG portfolio in the next decade. With these new brands comes new developer appetite.

In the UK, at the opposite end of the spectrum, Premier Inn announced the launch of a no-frills chain called Zip in the same year. Set to retail at £19 a night, each room will measure just 8.5 square metres.

The boutique sector has seen phenomenal growth in recent years. Best Western launched two new boutique brands recently – Sadie Hotel and Aiden Hotel – which will target the upscale and upper midscale categories respectively.

This follows moves by the big players, such as Marriott which launched Moxy a few years ago; Hyatt with its Hyatt Centric brand targeted at the business traveller; and Hilton which launched its Tru by Hilton brand offering stylish and affordable rooms.

These new brands have the benefit of large parent company umbrellas to operate under. But new operators have also entered the field. Bringing a digitally-reworked hotel experience are the likes of citizenM, Ruby Hotels and H-Hotels.com – all of whom have seen success in Europe.

OTAs and Rate Transparency

Hotels have long been over reliant on online travel agents (OTAs) as a distribution channel. This one-way relationship has given OTAs the power to erode prices and exhort high commissions. If hotels are to start driving more profitability to the bottom line then they need to re-look at cost of acquisition and demand better rate transparency from OTAs, especially when rooms are being offered in package deals or on the back of flight bookings.

A 2018 survey by the Hotel Analytics Work Group of the Hotel Electronic Distribution Network Association (HEDNA) polled more than 1,050 properties and found a hotel industry over-reliant on OTAs for securing bookings.

The survey found:

- Chain hotels rely on OTAs for distribution in a particularly big way, with three in five chain properties listing between 10% and 50% of their rooms on an OTA. Nearly one in three chain properties used this channel for more than half of their rooms.
- The majority of management companies (59%) also listed 10% to 50% of their rooms on an OTA, with 29% of them selling more than 50% of their inventory via this channel.
- Only 39% of independent hotels listed between 10% and 50% of their rooms with OTAs. However, a similar number (37%) used OTAs for more than half their distribution.

Also in 2018, UK competition regulator the Competition and Markets Authority (CMA) launched enforcement action against a number of hotel booking websites over widespread concerns related to how hotels were ranked on these sites, pressure selling tactics, hidden charges and discount claims that make unfair price comparisons.

The CMA also looked to the Advertising Standards Authority for advice on whether statements such as 'best price guarantee' or 'lowest price' mislead customers.

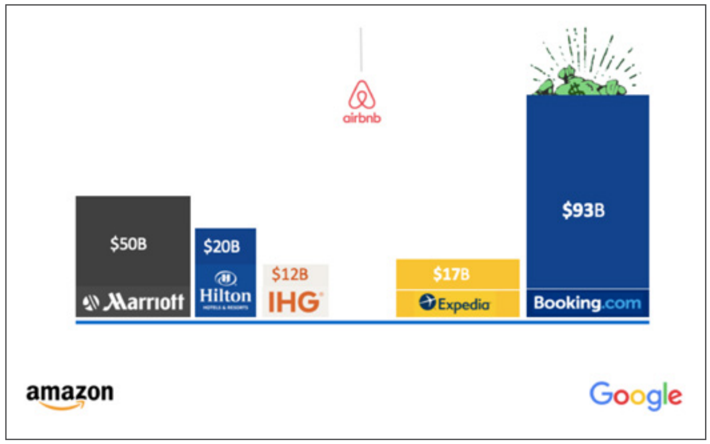
Commenting at the time, Chief Operating Officer of direct booking platform Triptease, James Osmond, said: "Tactics such as false discounting and highly-pressured 'urgency messaging' create a stressful experience for guests which often prevents them from truly finding the best deal.

"In the majority of cases, the direct hotel website will have both the best price and the most flexible options for booking, plus additional benefits for guests. However, the vast market share and marketing budgets held by the largest OTAs has created a false impression among most consumers that intermediaries are the cheapest and most flexible option."

The OTAs have grown to overshadow hotel companies. In Fig 2.1 we can see the market cap value of Marriott, Hilton and IHG and how these compare with those of the OTA duopoly that is Expedia and Booking.com. You can see that the OTAs outweigh the largest hotel brands.

And waiting in the wings we have the next wave of disruptors – Airbnb, Amazon and Google.

Figure 2.1



Loyalty

There's been plenty of debate over the true cost of loyalty and, indeed, if loyalty to hotel brands even exists.

Hotels were quick to jump on the loyalty bandwagon, following the airline industry with points-based systems that enabled frequent guests to build up points and redeem them against free stays.

However, today's traveller is less impressed with a plastic card and a collection of points. They want a personalised experience and are often willing to pay for that. But here's the problem – hotels are not getting to know they guests as well as they used to. OTAs are the ones fostering relationships with guests, not hotels.

If the OTA is the one holding the booking, then they hold all the guest information and often control the pre-arrival messaging. There go your up-selling or ancillary sales opportunities.

By driving direct bookings and therefore harnessing the power of guest data, hotels can help create a bespoke service that can increase total guest spend. It's the Amazon effect.

Amazon has 100 million Prime members – that's a huge loyalty programme. But what Amazon does best is predict what its users would like to buy next. Their algorithms analyse the shopper data and, as soon as you are heading to your basket to purchase, they will recommend something else. Hotels can do this too. Suggest a restaurant booking on night of arrival or a spa treatment to recover from jet lag. Consider total guest spend and watch your profitability soar.

Fragmentation

The opening two sections of this chapter have looked at new supply and the rise of the OTAs as outside influencers driving down hotel rates.

But hoteliers can look inward and place some of the blame for lagging innovation on themselves. The hotel industry is one of great fragmentation – at just one hotel there can be five, six, seven stakeholders involved in the decision-making process.

A hotel can be owned by one entity, managed by another and branded by a third party. At larger, more complex properties, an asset manager is introduced to ensure everyone is operating at peak efficiency. Marketing representation companies like Leading Hotels of the World and hotel associations like the Asian American Hotel Owners Association (AAHOA) are often involved.

Having all these stakeholders involved in one property adds layers of complexity and hinders the ability for hotels to be agile and evolve with the times. It makes change management difficult as all the respective organizations must sign off on any decision, particularly outside-of-the-box thinking that is often most successful in pushing hoteliers forward.

Fragmented Technology and Data

Added to the disparate industry is a fragmented pool of guest data and the technology needed to access and aggregate this data.

The hotel industry has long been seen as somewhat of a laggard when it comes to technological innovation.

Legacy systems wedded to on-premises hardware continue to be the norm in hotel technology – a far cry from the cloud-based, real-time actions of both the market and its leading distributors – the OTAs.

This is stopping hotels from being analytical and targeted in their approach to market.

Digital Disruption

All of the four above factors - new supply, new distribution, a loss of loyalty and fragmentation – leave the hotel industry open to digital disruption. We have seen this before, in the guise of the OTAs, and we will see it again as Google, Amazon and Airbnb make further moves to enter the hotels and wider travel sphere.

Digital disruption is the new norm, and if hotels are going to compete then they need to adapt. They have to get digital too.

According to Ben Alves, VP and General Manager in the Americas for Sabre Hospitality Solutions, the hotel industry needs to harness the power of data.

"The challenge is how do you get all that different disparate data from all these different disparate systems together and have it actually mean something," he said. "That is a very laborious, very difficult task."

He believes emerging new technologies such as artificial intelligence and machine learning will shape the data integrations strategies of the future. "They will not only help us to gather more data and make better decisions around it, they will also allow us to go to disparate systems and pull that data together in a more integrated fashion," Alves says.

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Lay the Groundwork with Revenue Strategy

So far, we've looked at the market and looked at the challenges faced by the hotel industry. Now, let's look at the solutions. Our mission at Duetto from the beginning has been to help hotels and casinos stay innovative in a fast-evolving market and continue to drive profitability.

If the market is up but your profits are not, then you need to change the way you do things.

Be Honest About Your Revenue Strategy

Are you still operating in departmental silos? Or have you created an integrated team that brings together all profit-related disciplines: revenue, sales, marketing, ecommerce and operations?

Are you making coordinated, data-based decisions? Or is everyone still working with siloed data that they have compiled and analysed separately?

Be honest – are you still using Excel for your data?

A modern revenue strategy can be a holistic approach that brings team together and inspires innovation across all departments of your hotel. It unifies teams with a common source of data and company-wide mission focused on profitability. It shows how everyone in your organization can and does touch revenue and profitability.

By putting revenue at the centre of your operation your organization can become more efficient, drive more direct engagement with customers and capture more revenue.

Building a Revenue Strategy Team

First, you need to show everyone how they touch revenue. You cannot have a revenue manager sat in an office calculating rates and analysing data, but not telling anyone about it. Instead, you need to create a revenue culture that gets everyone working together to maximise revenue – at a hotel level and at a brand or company level.

"From my experience, the culture of revenue management communicating in the hotel just isn't strong enough. If you can get a revenue manager who can talk to a chef effectively then you are on to a winning number. We need to be more intelligent about how we manage business," says Ally Northfield, Managing Director of Revenue by Design.

Revenue management should lead all the functions related to generating and optimizing demand, including:

- Distribution
- Digital marketing
- Database/loyalty marketing
- Sales

And look beyond transient rooms. Consider group revenue management. Use group demand to provide a healthy occupancy base, yield up transient rooms, and increase revenues at a pace above the level of expense growth.

All teams need to be involved, educated on strategies and aware of the goals and the key performance indicators (KPIs) you are working towards. Get the team excited about future goals and understanding how they can have an impact on achieving these.

The Most Important KPIs and Metrics

One key to profitability is getting everyone on the same page with your most important hotel KPIs and metrics.

"There may not be one holy grail KPI, but TRevPAR and GOPPAR (Gross Operating Profit Per Available Room) are two metrics that should be on every hotelier's radar when it comes to driving revenue and profitability," says Pablo Alonso, CEO of HotStats.

TRevPAR measures the property's ability to generate revenue across all operating departments and provides insight into the overall revenue story. Where TRevPAR focuses on revenues, GOPPAR measures the operation's ability to convert revenues to operating profit.

"By tracking trends in both TRevPAR and GOPPAR, hoteliers can develop strategies based on top- and bottom-line performance measures, which can improve overall profitability," Alonso explains.

"GOPPAR is probably one of my favourites. ADR and RevPAR, certainly if you have more than rooms, are not sufficient and give a warped impression of performance. If you look at RevPAR from a revenue point of view you could think you are doing really well, but if you are ignoring cost of acquisition then you are just driving the asset into the ground," says Northfield.

"It's important to have an understanding of how cost of acquisition is measured. This comes back to using analytics tools that encompass different profit centres," she adds.

"Hoteliers need to be focused on both the top line — occupancy, ADR, RevPAR and TrevPAR — as well as the bottom line — GOP, GOPPAR and EBITDA. Having an understanding of all of these metrics is vital in order to understand your performance as well as your position in the market," agrees Thomas Emanuel, Director of Business Development at STR.

Tobias Koehler, Group Director Marketing & Commerce at Ruby Hotels, gives us an operations-level insight into how hotels can lean on this data to make better revenue decisions.

"Looking at the revenue part of the business we have so much data available. It is way too much to process by a human. We might find patterns; however, we might also neglect other variables that have a higher impact. With a revenue management system in place we can make better decisions," he says.

With a system making decisions based on machine learning, teams know the data is reliable and trustworthy. However, the access to that data is also important. This data cannot remain solely with the revenue team and needs to be pushed out to all departments and stakeholders if you are to run a truly cohesive revenue strategy.

According to Koehler, data collaboration is vital amongst hotel departments and also leads to greater team efficiencies. "Without any exchange of data a proper service is not possible," he says. Ruby Hotels has centralised its revenue strategy operations and works with a lean multifunctional team. "Our goal is to have more consistent contact not only between guests and employees but also among the team. Our centralization and the local bundling of tasks helps us to reach a lower minimum personnel deployment with a higher level of information exchange," says Koehler.

Reporting – What Stakeholders Want to Know

Owners and asset managers care more than ever before. Hotels and brands now need to communicate more effectively and better understand what their stakeholders want to know and when.

"At the end of the day, owners and asset managers want to know if they are making money after taking in revenue and shelling out for expenses. That's really what it comes to: Is my profit being optimized and, if not, why? That is why we need to get beyond the traditional metrics of RevPAR and its ilk. KPIs such as GOPPAR and profit margin get to the heart of profitability, while any cost analysis must take into account metrics such as total labour cost and cost of sales," says Alonso of HotStats.

Duetto's reporting solution

With month-level entry and the flexibility to make adjustments at the stay date level, you spend minutes, not days, building forecasts and budgets. With the ability to customize the forecast editor to fit your workflow, compiling the data you need to make the best business decisions is easy. Duetto's industry-first "smart spreading" technology takes updates to your monthly forecast and intelligently allocates them day by day, segment by segment.

Find out more at: https://www.duettocloud.com/scoreboard

"Owners and asset managers care more than ever before. Hotels and brands now need to communicate more effectively and better understand what their stakeholders want to know and when." — Pablo Alonso, CEO of HotStats

Shift Your Focus to Profitability

As operating costs continue to rise and put pressure on profitability, hoteliers must place a greater focus on optimizing business mix and driving ADR.

In the previous chapter, we heard from industry leaders on what they consider to be the most important KPIs and metrics hotels should be measuring. Now, let's take a closer look at how profit is measured, and what GOPPAR and EBIDTA can really tell you about your business.

How is Profit Measured?

There are two main ways in which hotel profit is calculated:

- GOPPAR – This metric is calculated by subtracting operating expenses from revenues and then dividing by the number of available rooms.
- EBITDA – This stands for Earnings Before Interest, Taxes, Depreciation and Amortization. This shows revenue minus expense (expense excludes interest, taxes, depreciation and amortization).

"GOPPAR provides a true picture of operational efficiencies and tends to be the go-to KPI when measuring hotel profitability. This measurement indicates how well the asset is being managed and the ability to not only generate revenues, but also manage expenses," says Pablo Alonso, CEO of HotStats.

"Once you take a step further down the operating statement to EBITDA, management fees and non-operating income and expenses (rent, property taxes, insurance, etc.) are factored into the equation. These items are a crucial piece of the puzzle when determining the overall value of the asset but are often out of the control of property management. Therefore, GOPPAR provides a truer measure of the operation's ability to generate profit," he adds.

A benchmarking platform, such as from HotStats, which allows hoteliers to benchmark their profitability versus their competition, along with a revenue management tool, are vital toward assuring a profitable business mix.

New Ways to Drive ADR

In the end, there are two main ways to push profit: reduce costs or increase rates. A hotel that drives a higher ADR will see profits increase. But how to do this?

An Open Pricing strategy will help – one that enables you to yield each segment, channel and room type independently in real time, rather than setting rates tiered off a Best Available Rate (BAR) benchmark.

Ruby Hotels operates an Open Pricing strategy. Here, Tobias Koehler, Group Director Marketing & Commerce, explains how that works: "With Open Pricing we have the possibility to react to the market at a much faster level. So we can see the demand coming in and react on that by changing the price by only one or two Euros and see how the market reacts. And, if we see it's still working and demand keeps coming in, we can raise the price even higher."

Stop Following your Competitors

RevPAR Index is an important metric, but simply following the crowd is not going to put your hotel ahead. Those hotels who are brave and constantly flex their pricing in line with market demands will turn a greater profit.

"You should benchmark against your comp set to see its performance, but you have to carve out your own profit path and not merely 'be a follower.' Being a market leader means not being afraid to take chances where others may not. So while it's imperative to track the data on your competition, you must make your own individual choices based on your hotel. Take in as many inputs as you can to maximize your outputs," says Alonso of HotStats.

Ally Northfield, Managing Director of Revenue by Design, says hotels should always be mindful of their unique selling points, and bear these in mind when pricing.

"If a hotel has been built for a reason it has a unique demand. Therefore, you have to work to the unique demand of the property and you have to uncover that. 'Why is this hotel where it is and do what it does?' Don't look to your competitors to tell you how and what is going to happen. Strike out on your own but don't do it with arrogance; have appreciation for the people that want to stay in your hotel but be curious with what you can do," she says.

Determine your Most Profitable Business Mix

Placing a focus on optimizing business mix will help you drive the most profit. Take advantage of upselling opportunities, yield room types appropriately, and understand your guest segments.

For hotels that are more than just rooms there's a lot of opportunity to support other profit centres, for example meetings and events, or spa and leisure. This is where focusing on GOPPAR really comes into play. Consider the total spend of each guest – some may have longer lengths of stay, but if they are not spending on ancillary services such as F&B then they may not be worth as much as transient guests who only book in for one night. Always look at the bigger picture.

"Don't look to your competitors to tell you how and what is going to happen. Strike out on your own but don't do it with arroganc." — Ally Northfield, Managing Director of Revenue by Design

Chapter 5

The Missing Link Between Data and Hotel Profitability

In today's data-driven age, hotels need to understand how to use the available data to make more profitable decisions. We know machine learning can help drive operational efficiencies. Take it further and analytics can help you identify golden opportunities for profit too.

For example, Duetto recently ran an analysis with some of its partner hotels in San Francisco. We found that the hotels were making 80% of their revenue on about 30% of their days. This means revenue managers need to trust the data and need to not be afraid to push your pricing on high-demand days.

Pablo Alonso, CEO of HotStats, sums this up perfectly: "While 'The 5 Ps of Marketing' — Product, Price, Promotion, Place and People— are as relevant now as they were 20 years ago, relying on technology to predict the most profitable business mix should also be put in play. And using data toward that is the right strategy."

Making Data-based Decisions

Earlier in this report we looked at the challenges created by letting OTAs and other third parties hold your guest data. All too often, hotels forget that they have the best data, regardless of what the OTAs hold. This is because the hotel gets to actually meet the guest. In addition to booking data, the hotel also holds customer spend data, including folio data. Distribution partners don't get access to this.

Hotels can build out powerful data sets if they combine historical performance, the customer preference data from their CRM and on-property spending from folio data. Combined, you can calculate true guest worth and start yielding your prices more accurately by room type, customer segment, booking channel and stay date, with the ability to then flex these in line with market demand.

"You can never collect too much data, but data is worthless if it isn't measured. The famed management consultant Peter Drucker said it best: 'If you can't measure it, you can't improve it.' But hotel departments, from Rooms to F&B, cannot exist within silos and should be cross-examined for synergies in order to max out such important KPIs as TRevPAR, which takes into account revenue from all aspects of a hotel. RevPAR only accounts for revenue generated by rooms. Today's hotels, by design, are much more than just rooms, so understanding your TRevPAR is key to running a profitable hotel and is why most owners are now looking more closely at TRevPAR than RevPAR," says Alonso.

Alonso is right – you can never collect too much data. However, this does come with a caveat. This data is big! In order to properly process it and maximise on its value you need solutions in place to aggregate and analyse.

"So many hotels still rely on Excel, which is frightening because it is open to mistakes, silo work mentalities and limited interpretation. Get a revenue management solution and automate reporting. Removing all the inefficiencies is a step in the right direction," says Ally Northfield, Managing Director of Revenue by Design.

"There is still a 'knowledge is power mentality' and a lot of people feel that by holding the Excel spreadsheet they are in control. This is the antithesis of the millennial, who has the attitude of opening up everything to an automated dashboard where everyone can log in and communicate. That one source of truth is very powerful."

And once you have crunched the numbers, share the data. "Transparency is always the best result," says Michael Levie, Chief Operations Officer, citizenM. He believes machine learning can streamline task-orientated elements of hospitality enabling staff to focus on the guest. "Automation and technology are a must and can be deployed very effectively. Data and analytics will then lead to new answers and opportunities," he says.

Widen your Data Sets

Hotels have long been very insular with their data; comparing hotel performance for year one against hotel performance for year two. This is not a great way to measure success or map out future opportunities.

"A hotel's P&L only tells one story: your own. And like-for-like comparison only tells you how well you've improved or regressed against yourself. Consulting data through benchmarking should be at the forefront of any hotel's revenue- and profit-strategy plan. Knowing how your hotel lines up against the competition is intelligence that can be used to make strategic decisions about how to run your business. Without that insight, it's like going through a Class 5 rapid without a paddle!" says Alonso from HotStats.

Hotels need to widen their data sets and look beyond the historical data in their PMS.

Duetto's forecasting and pricing tools also analyse web shopping regrets and denials, air traffic data and competitive set data. Lost business data is as important as the data for customers on the books, as it provides valuable insight into demand and market price sensitivity. What's more, your booking engine can provide data on country of residence, type of room, package, price and much more of those who did not book. Analysing this data, you can see at what point customers abandoned their bookings. This will provide valuable insight: did you not have the right type of room, the right package, or was the price too high? Did you see a surge in interest from a particular country? Why was that? Question everything. And use your analytics to be more prescriptive in your sales and marketing campaigns.

Look Forward to a Profitable 2019

In this report we have examined 2018 performance, looked at the challenges facing the hotel industry at present, considered the tactics needed for building a cohesive revenue strategy, focused on quantifying profitability, and studied how data can be used to push rates and guest engagement.

By working through the five stages of this report we hope you will be able to turn your data into actionable insights that drive hotel profitability in 2019 and beyond.

We close with Pablo Alonso, CEO of HotStats, as he makes one final prediction of what the future may hold:

"Absent a black swan type event or recession — which most analysts are confident won't happen — 2019 and, hopefully, 2020, too, will be profitable years for the industry. While we might not see the robust growth that preceded the past few years, the industry is still plugging away, even in the face of what is being forecasted as a torpor in industry metrics. Hoteliers will have to work that much harder to secure a profitable operation. However, with new supply in check (and with interest rates rising this is sure to stay muted) and continued travel demand, hotels should be in the black, dependent on their ability to flow dollars to the bottom line. Much of this will be predicated on a smart distribution strategy and optimizing work force."

"Knowing how your hotel lines up against the competition is intelligence that can be used to make strategic decisions about how to run your business. Without that insight, it's like going through a Class 5 rapid without a paddle!"
— Pablo Alonso, CEO of HotStats

About Duetto

Duetto provides a suite of cloud applications to address hospitality's complexity in distribution and technology, providing solutions that increase organizational efficiency, revenue and profitability.

The unique combination of hospitality experience and technology leadership drives Duetto to look for new and innovative solutions to the industry's greatest challenges. Duetto delivers software-as-a-service to hotels and casinos that leverage dynamic data sources and actionable insights into pricing and demand across the enterprise.

More than 3,000 hotel and casino properties in more than 60 countries have partnered to use Duetto's applications, which include GameChanger for pricing, ScoreBoard for intelligent reporting and BlockBuster for contracted-business optimization.

For more information, visit http://duettocloud.com.