

Delivering A Rock Star Revenue Strategy

Physical and digital transformation of Ushuaia Ibiza Beach Hotel enables property to increase rates by 10x

RevPAR
+6%

ADR
+3.5%

Occupancy
+2%

(Jun - Sept 2019 vs Jun - Sept 2018)

The Challenge

Take a standard three-star hotel operating largely on tour operator exclusive agreements and reinvent it as a five-star beach resort and club, hosting the world's leading DJs. This is what Palladium Hotel Group did when it created its Ushuaïa brand in Ibiza.

The Ushuaïa Club opened in 2011, followed shortly by the adjacent Ushuaïa Tower, offering a combined room count of 415.

Occupying the middle ground is a pool deck and open air club, which has a capacity of 4,000 people, making it one of the biggest clubs in Ibiza.

However, to ensure success, Ushuaïa needed to undergo a digital conversion, as well as a physical one.

The Solution

Alongside converting the asset, the senior management team at Palladium realised that it also needed to redefine the distribution strategy for the property. As a three-star tour operator led hotel the property had been achieving around €50 per person per night peak season. But as a five-star super-club it could achieve much more.

The Palladium revenue team worked to diversify the hotel's distribution strategy, developing its eCommerce strategy, using online travel agents (OTAs) and pushing its direct channel.

An integrated tech stack was integral to the transformation, with Duetto helping the team to optimise the hotel's distribution strategy.

The Result

From €50 per person per night, the conversion and new distribution strategy saw rates increase by up to 10 times, with peak season rooms yielding at €500 per person per night. The growth continued, with August 2019 seeing RevPAR up 14% year on year, to achieve €645 while ADR jumped 4% to €712.

Changing out the distribution mix proved a real gamechanger, with the hotel moving from 90% tour operator distribution to 90% of its distribution now yielding through OTAs and its direct channels.

Eight years since its transformation, the revenue team continues to operate a dynamic distribution strategy, keeping channels open and yielding on price and packages to maximise on profits.

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How it Happened

- The asset was physically converted and re-branded as the five-star Ushuaïa Ibiza Beach Hotel.
- Different room types were created, including ones with open terraces that overlook the club area. Room categories such as the Oh My God suite and the Rock Star suite enabled the hotel to use room type differentials in its pricing strategy.
- A diversified distribution strategy enabled the hotel to work with a greater number of partners as well as increase conversion on its own direct distribution channel.
- The new distribution strategy also gave Palladium better control of its inventory and pricing strategy.
- A refined Open Pricing strategy enabled the hotel to move away from static rate contracts and fully embrace dynamic pricing.
- An integrated tech stack, including PMS, RMS and Distribution, enabled the Revenue Team to optimise business in real time; quickly reacting to changing market conditions provided an advantage against the competition.

“Thanks to Duetto we are more agile in our decision making. Our decisions are also more accurate, because we have access to data that we didn’t previously have.”

— Diego Fernández
Corporate Revenue Director, Palladium Hotel Group

A large crowd of people is gathered at a night event, possibly a concert or festival. The scene is illuminated by warm, orange and red lights, creating a vibrant atmosphere. In the background, a stage is visible with bright spotlights and a large structure that appears to be part of the event's decor. The crowd is dense, and many people are looking towards the stage. The overall mood is energetic and festive.

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