

The benefits of revenue management

for hotel owners/operators,
hotel managers and
front desk managers



room
price
genie

I'm here to tell you about
the importance of strategic revenue
management in boosting your
property's profitability and
operational efficiency, both in
the short- and long-term

But first, I have a question for you...

**“When you think of revenue management,
which is the first department
that comes to mind?”**

If you're like most in the hotel industry, you would associate revenue management only with revenue managers and the revenue management team; however, the reality actually a very different story: **revenue management is actually very important (and has different, but equally important benefits) for leadership across all departments, including hotel owners/operators, Hotel Managers/ General Managers and, even, the Front Desk Manager.**

Surprised?

Don't worry, I'll explain further. First, I want to introduce myself so you know why you should trust my advice...

My name is **Ari Andricopoulos**,
CEO of [RoomPriceGenie](#).
Nice to meet you!



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Here's how...



Revenue management is, at its core, the practice of analyzing and predicting consumer demand to optimise room inventory and price rooms to maximise bookings and revenue growth. Strategic revenue management is what makes it possible for hotels to achieve consistent profitability, no matter how the market changes. In effective strategic revenue management, your goal is to not only fill rooms but also maximize profitability on each booking, in both peak and off-peak seasons. But to do this successfully, your hotel needs to implement sophisticated, automated pricing technology to support your strategy with accurate, data-based pricing recommendations, established using real-time market data, competitor pricing and historical pricing, among other key variables. (That's where RoomPriceGenie comes in.)

In 2017, I built RoomPriceGenie's automated pricing solution to improve the revenue at my father's 15-room BnB in the Isle of Wight. Through that process, I became an expert in the who/what/when/how of maximising hotel revenue via all the online booking channels – including the OTAs, metasearch channels and, most importantly, a property's website (direct channel) – using automated pricing technology (a.k.a. revenue management system, also known as an RMS).

Today, my dad still uses the RoomPriceGenie automated pricing solution, as do more than 1,600 hotels worldwide. Our solution has completely transformed my dad's business, both from an operational and revenue standpoint, and RoomPriceGenie can do the same for your property.

Revenue management strategy is most effective if it is applied across all the departments in the commercial team (including marketing, sales and revenue management), plus supported by the owner/operator, Hotel Manager and the Front Desk Manager. All these internal departments should be invested in ensuring the hotel's financial success, as they all can have a direct impact on whether success is achieved; as such, it's important to understand the key benefits of revenue management for each of these roles, to properly understand what they can do to maximise the ROI on the property's strategic revenue management efforts and, as a result, its long-term profitability.

So, let's get started...

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The benefits of revenue management

for hotel owners/
operators

There are many benefits of implementing a data-based revenue management practice at a property, especially for the owners/operators who are responsible for ensuring that the hotel remains financially viable.

To effectively implement revenue management, a hotel owner/operator must invest in a sophisticated revenue management system (RMS), as it enables the automated collection, analysis of huge amounts of data, which then provides accurate pricing recommendations in real-time; in addition, when it is connected with a channel manager, the new prices can be automatically updated across all the online distribution channels, making it a completely hands-off process.

Using RMS technology, hotel owners and operators can leverage the following benefits of revenue management to achieve their overall goal: ensuring the property's sustained profitability.

Improved decision-making

Revenue management-based pricing decisions are based on data, not intuition (eliminating the potential risk of human error). Implementing dynamic pricing using RMS gives hotel owners and operators a wealth of data – including past performance data, real-time market conditions, competitor pricing and more – which is analysed to discern patterns, predict future behavior and make automated pricing recommendations, as the market changes.



Better understanding of guests' needs

By analysing booking patterns, cancellation rates, stay durations, and even the type of amenities that guests prefer, hotel owners and operators can more effectively tailor their offerings to meet customer expectations. Understanding customer behavior also helps in creating personalized commercial and marketing strategies, which can lead to higher conversion rates and increased customer loyalty.

Remain competitive

Revenue management systems provide benchmarking data that allows hoteliers to compare their performance against their direct competitors within their destination (known as the property's comp set). Benchmarking is crucial for identifying competitive advantages and areas that need improvement in a property's operations and pricing strategy.

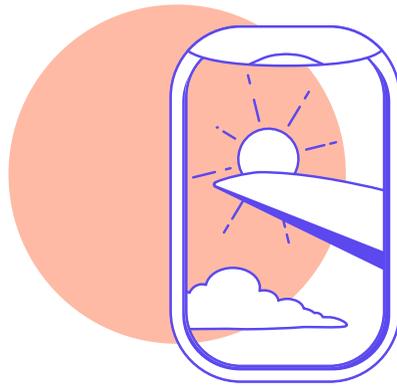
Improved guest satisfaction

By finding the proper balance between price, market demand and guest expectations, hotels can increase online bookings and improve the guest experience. It has been proven that increased guest satisfaction can lead to repeat business and more positive reviews, which are shown to increase the property's perceived value, enabling the property to increase their ADR over time.

The benefits of revenue management for hotel owners/operators, hotel managers & front desk managers

Enables better strategic leadership decisions

Revenue management can also inform broader strategic leadership decisions, such as hotel expansions, renovations, service offerings and staff training programs. By relying on accurate market and benchmarking data, owners and operators can ensure that their strategic initiatives are appropriately aligned with market opportunities, guests' preferences and always focused on improving operational efficiencies to maximise guest satisfaction.



Boost the bottom line

By analysing demand patterns, a hotel's RMS can update prices to fill more rooms at the highest possible rate, enhancing both occupancy and ADR. Data-driven strategies assist owners and operators improve their resource allocation, ensuring that the hotel's investments are yielding the best possible returns over the short- and long-term.

But here's an important caveat... an RMS is critical to a property's success in today's highly competitive landscape but there's another important factor to consider, which is integral for optimal revenue management: the human element.

A hotel's staff plays a crucial role in interpreting, contextualizing and executing the insights generated by RMS. To be most effective, training staff in revenue management principles goes beyond the operational elements; hotel owners and operators must create a revenue management-first culture. When all team members understand and embrace the importance of revenue management, they can collectively contribute to the hotel's revenue optimisation goals and maximise the ROI on the property's revenue management activities.

By embracing data analytics to create a strategic approach to pricing and distribution, hotels can improve their financial performance and enhance the guest experience – but only if the owners/operators are on-board with implementing RMS technology and, also, in training their employees to prioritise revenue management as an operational imperative across all departments.



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The benefits of revenue management

for hotel managers

The role of a Hotel Manager (or General Manager) is multifaceted, requiring a blend of leadership, operational expertise and the ability to develop and oversee the execution of strategic business goals.

One of the most important actions that a Hotel Manager must take is to develop the property's revenue management strategies—a critical component that can make or break a hotel's financial success. A Hotel Manager should be adept at using revenue management insights for strategic planning, including setting long-term goals, budgeting, and investment decisions. Additionally, understanding the competitive landscape, including competitors' pricing strategies and market positioning, is vital for maintaining a competitive edge.

To make effective revenue management decisions, Hotel Managers must understand the fundamental principles of supply and demand, segmentation and effective pricing strategies, as **successful revenue management is about selling the right room, to the right customer, at the right time, for the right price, through the right distribution channel.**

Pricing 101

Research shows that hotels that price their rooms higher than the competition tend to make more profit overall, in both good and bad times. This reinforces the need for Hotel Managers to understand and integrate demand prediction and forecasting (see below) into their revenue management strategy to ensure that their pricing is accurate, no matter how the market changes.



Forecasting and demand prediction

Effective revenue management is predicated on the ability to forecast future demand accurately. There are two ways to predict future demand: manual analysis of past and current booking trends, market conditions and external factors (such as events or holidays), or by using automated pricing technology that will do that all the data collection and analysis automatically, in real-time, freeing up the Hotel Manager to focus his attention on strategic decision-making and on improving the guest experience. Obviously, the latter is a much more effective use of the Hotel Manager's time, as manual data analysis is time-consuming and is prone to human error.

Speaking of automated pricing solutions...

Revenue management technology

As we just mentioned, using a Revenue Management System (RMS) or an automated pricing solution (like [RoomPriceGenie's!](#)) leverages data analytics to forecast demand, analyse market trends and competitor pricing and adjust room rates in real-time, ensuring prices are competitive yet profitable. This data-driven approach enables hotel managers to make informed decisions and stay competitive. Automated pricing solutions enhance operational efficiency and provide valuable insights into customer behaviour and booking patterns, helping Hotel Managers to increase their property's occupancy during off-peak times to ensure a steady flow of revenue.



The benefits of revenue management for hotel owners/operators, hotel managers & front desk managers



Market segmentation and price optimization

A crucial aspect of revenue management is identifying the most common market segments that make up a property's guests; common market segments include business travellers, leisure travellers, groups and customers who are part of the property's loyalty program (a.k.a. repeat guests!). Each segment has unique booking behaviours and price sensitivities, so Hotel Managers need to understand each segment and how to best set their rates to appeal to the property's most profitable segments, optimising occupancy and ADR.

Distribution & channel management

A hotel's visibility across various distribution channels is critical, as it will directly impact the property's long-term profitability; knowledge of the cost-benefit analysis of each channel and how to leverage them for maximum exposure and profitability is essential for a Hotel Manager's success in revenue management.

Generally, Hotel Managers should put a greater emphasis on driving direct bookings (through the hotel's brand.com website) whenever possible because of the lower cost of acquisition and use online travel agencies (OTAs) as a back-up to drive visibility and bookings when the property is not likely to be at 100% occupancy. The basic rule to manage OTA availability is this: **give as much availability as possible to the OTAs if you're not likely to be fully booked** (as they reward you for sharing your inventory), **but limit availability when OTA sales will limit your direct sales.**

Being on the OTAs gives hotels additional reach and the benefit of the billboard effect; therefore, the more OTAs a property is listed on, the more people

who will see your property, and the better chance that to convert the sale (either through the OTAs or direct).

One important note: maintaining a property's presence on more OTAs requires more work, including setting up the hotel's profile and updating content and photos across all distribution channels whenever anything changes, so a channel manager is a must-have in all properties' basic tech stack. The channel manager will make it relatively straightforward, on a day-to-day basis, to be listed on as many channels as possible, without creating extra work or added headaches.

Finally, it's important for Hotel Managers to evaluate each channel's performance on an ongoing basis, and if bookings aren't converting on a particular OTA, re-allocate the inventory to a more profitable channel.

The art of hospitality

At its heart, hospitality is about creating exceptional guest experiences. A Hotel Manager must understand how pricing impacts the guest's perception of their overall experience to develop revenue management strategies that will bring in new business and ensure that each guest has the optimal stay experience. To accomplish this, Hotel Managers should use guest data (from the CRM) to personalize guests' experiences, create targeted promotions based on current market demand and build loyalty programs that drive repeat business and attract new customers through positive word-of-mouth.

In essence, revenue management is a comprehensive discipline that touches every aspect of a hotel's operation but **for Hotel Managers, a deep understanding of revenue management is imperative for driving revenue growth, ensuring guest satisfaction and achieving long-term profitability.** The journey to mastering revenue management is ongoing, requiring continuous learning, adaptation and the ability to identify impactful market trends, revenue opportunities and potential opportunities for operational or strategic improvement to yield better results.

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The benefits of revenue management

for front desk
managers

The Front Desk Manager in a hotel is pivotal in orchestrating the first and lasting impressions of guests, managing the reception team to ensure a seamless check-in and checkout process, handling reservations and addressing guest inquiries and concerns – always with the utmost professionalism.

The Front Desk Manager is also responsible for scheduling, training and management of all logistics related to having the rooms ready for guests (i.e., reservations, housekeeping, maintenance, etc.), as well as ensuring that the front desk provides the best possible customer service to guests, 24/7.

In short, the Front Desk Manager is a central figure at a hotel because they ensure the optimal guest experience and are tasked with maximising operational efficiency. While this role might not be the first one you think of as having an important role in the revenue management process, the Front Desk Manager does play an important, behind-the-scenes role in the strategic development and execution of a property's revenue management.

When you remember that revenue management is a strategic approach that not only boosts profitability but also significantly enhances guest satisfaction, it makes it easy to understand that **revenue management activities should be intertwined with the roles and responsibilities of a Front Desk Manager, as it will ultimately elevate the guest experience and, as such, improve the hotel's overall long-term profitability.**



Dynamic pricing: a win-win for guests and hotels

One of the most important aspects of modern revenue management is dynamic pricing, which is only possible through the implementation of sophisticated revenue management systems (RMS) to automate the collection and analysis of market data, demand, seasonality, competition pricing, among other factors, and provide automated, real-time pricing recommendations.

A common concern for many hoteliers (especially Front Desk Managers) is that guests will be upset and feel “ripped off” if a hotel implements dynamic pricing. In reality, dynamic pricing will not significantly factor into guests' satisfaction with their stay or prevent them from leaving a positive review after the fact.

In fact, a [2023 ZHAW University study](#) of hotels using RoomPriceGenie's automated pricing solution showed that guests' overall satisfaction increased after the implementation of RoomPriceGenie; however, the guests' ratings for price fairness and their intention to recommend both went down by small amount. (This is most likely because RoomPriceGenie's solution is designed to help hotels earn the highest ADR possible, and likely, the room rates increased after implementing the solution, to match market value.)

When you dig deeper into the data to examine guests' intention to recommend the property (before and after the implementation of dynamic pricing), you find that, while the overall intention decreased slightly, the number of people who answered in the top 20% on the likelihood that they would recommend the property increased, which is a positive development as these are the people who would like also leave a positive review for the property.

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Overall, guests' perception of the properties' pricing changed in the study as well: after implementing RoomPriceGenie, more guests perceived the prices as dynamic, which is a positive outcome because it implies that guests understand that dynamic pricing is based on real-life, logical factors (i.e., supply and demand) rather than being a random price that isn't backed by concrete data.

As the ZHAW University study showed, dynamic pricing is a very positive revenue management strategy, both for hotels' overall profitability but also for guest satisfaction, so Front Desk Managers should support the revenue management team's implementation of automated dynamic pricing to ensure that their property is always offering competitive rates and the best value to guests.

Effective forecasting=more effective operational planning

Another important part of modern revenue management is forecasting, in which the revenue management team uses sophisticated algorithms in their RMS to predict future demand based on historical data, current booking trends, market analysis, and other external factors like local events, economic conditions, seasonal variations, etc.

While this information is used in establishing the best price for each room, for the right guest, at the right time, it is also a very valuable tool for the Front Desk Manager, as it can help them make better, data-based decisions on important questions such as staffing, housekeeping schedules, hiring, etc. – all of which fall under the Front Desk Manager's purview and which will ensure smoother operations, reduce guest wait times and improve service quality. As you can see, effective revenue management leads to optimized operations, directly impacting the guest experience.



Better understanding of guest travel behaviours & needs

Revenue management requires a deep understanding of market segments and guest behaviour, and by using this information, the Front Desk Managers can set more accurate expectations for guests and communicate more effectively. Whether it's explaining the reasoning behind the room rates or setting the right expectations about availability and services, informed communication fosters trust and improves overall guest satisfaction.

Upselling and cross-selling

At the heart of revenue management is the deep analysis of property data, including booking trends, guest preferences and market dynamics. By combining revenue management data with guest data from the PMS and CRM, the Front Desk Manager can identify the opportunities for upselling and cross-selling, enhancing the guest's stay while maximizing revenue. From upgrading to a suite with a better view to recommending a spa package, these offers should be tailored to the guest's preferences to ensure that they are received as offers to personalize their stay, rather than sales pitches.

That brings us to an important related point...

Personalized guest experiences

The Front Desk Manager can also use this data to offer personalized experiences to guests; whether it's automatically booking a returning guest into their preferred room type or leaving a bottle of red wine (their favourite) in the room to thank them for their continued business, this level of personalization goes a long way in making guests feel valued and understood.

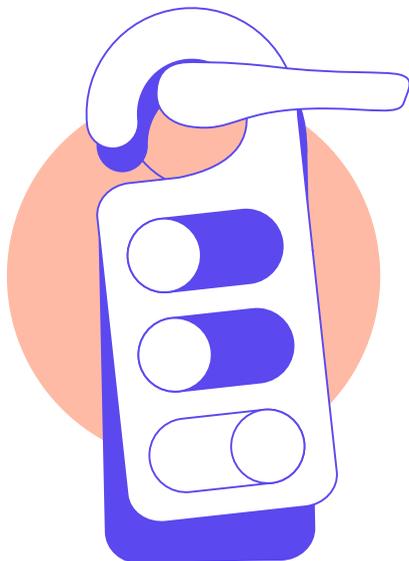
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The involvement of the Front Desk Manager in the revenue management process can transform the guest experience in many positive ways; at the heart of this transformation is real-time data, provided by the RMS and other operational solutions, making the cooperation of the front desk and revenue management teams very important. From offering guests personalized experiences, offering room rates with better value using dynamic pricing, to improving operational efficiency and enhancing communication, the benefits of the two teams working together are tangible and impactful.

In the dynamic world of hospitality where guest satisfaction is paramount, the Front Desk Manager must embrace revenue management (and revenue management data) to ensure that the property remains profitable over the long-term, while also sustaining the highest level of customer satisfaction for every guest.

As you can see, each of these three roles are integral to the success of a property's revenue management strategy.

So, I challenge each and every Hotel Manager, owner/operator and Front Desk Manager to make the most important move necessary to set your property up for future success: implement automated pricing technology at your property to support the implementation of data-backed, strategic revenue management at your property, today.



After all, **if I could get my 83-year-old father excited about establishing an RMS-backed, automated, data-based pricing strategy at his BnB, why can't (and why aren't) you?**

There's absolutely nothing to lose and everything to win!

To discover how RoomPriceGenie can help your property increase your property's profitability, [start your free trial of our automated pricing solution today!](#)

A handwritten signature in orange ink, appearing to be 'AA' followed by a flourish.



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price
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RoomPriceGenie is the easiest way to ensure that your rooms are priced right, every night. Purpose-built for the independent hotelier, RoomPriceGenie is fast to implement, intuitive to use and simple to understand.

In an uncertain world, it's revenue that you can count on.
To find out more about automated pricing, start your free trial today.

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STARTED**

For more information, visit
www.roompricegenie.com