

## Contingency Hotel Revenue Management Strategies - I Will not Cut Prices - By Carol Verret

2008-03-12

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Everyone repeat after me: 'I will not cut prices nor panic sell because it does not stimulate incremental demand and only serves to drive down prices.' (Jeff Weinstein, Editor, Hotels Magazine, February 08) Jeff has given us the mantra that all GMs, Revenue Managers and Directors of Sales should repeat every morning.

While most analysts have continued to be bullish on revenue increases of at least 4% in 2008, that was before the employment numbers began to slide. PKF, in its January research article indicated that although the industry was well positioned to weather the storm, there was one caveat. 'What will keep the economy buoyant, as well as the lodging industry, is the continued growth in employment. Historically, we have seen a strong correlation between changes in employment and lodging demand,' Woodworth observed. Unfortunately, the assumption of a continuing employment growth turned out to be short lived as the latest two government indicators showed significantly slippage in this area.

The erosion in the economy has been relatively rapid. A survey of over 1600 meeting planners indicated that for only 37% of them were their meeting plans for 08 were unaffected by the economy. (MeetingNews on MiMegasite February 26, 2008)

Okay, disposable income upon which leisure travel is dependent is shaky, the continuing credit crunch is impacting corporate travel and now the meetings market, what is a revenue manager to do to stop the bleeding and stimulate demand if not cut rate?

**Monitor Changes to Market Segment Activity Daily.** This should go without saying but many daily flash reports do not carry lines that compare daily activity year over year by market segment or month over month or YTD by market segment. Reports that include percentages of occupancy by market segment are a graphic way to detect downturns. This is an 'early warning' signal that will allow you to take action before the slippage becomes worse.

**Manipulate the Rate Structure - don't lower it!** Closely monitor inventory and rate on the OTAs. Open discounts to more room types during periods of low demand. Participate in promotions with the OTAs until you reach the goals of the promotion. Close inventory to lower rated rooms when demand warrants it. Train the reservations staff to close each reservation by skillfully offering room type options at different price points if that's what it takes to convert the call.

**Evaluate Channel Distribution.** When the revenue management strategy was first developed last fall, what were some of the distribution channels that were not included due to high commissions, relatively low production, etc? A high commission on some revenue may be better than no commission on unsold rooms. Were the Opaque channels abandoned as requiring too deep a discount? A discount on an opaque channel is not a lower rate structure but a way to expose inventory to markets that you may not have exposed the hotel to in the past. In both of these scenarios, you control the inventory.

**Dynamic Packaging.** Packaging options on the hotel website, distribution channels and channels such as TravelZoo provide an opportunity to expose your hotel, generate incremental revenue and 'disguise' the rate within the package. Packaging on the hotel's web site is the cheapest and easiest way to generate incremental business but you have to drive your customers and potential customers to the site through effective SEO (Search Engine Optimization) and CRM initiatives.

**Monitor the Hotel's Online Presence.** Especially in difficult times it is more imperative than ever to monitor the hotel's online presence. Pet peeve, make sure that the links work everywhere you are listed. I logged onto a CVB site recently and four of the seven hotels whose links I clicked didn't work. You can't have an online presence unless you are 'present'. There are tools that can assist you in this that can make this process easy and give you the info to make good decisions. The Avalon Buzz Report among others makes monitoring your online presence and that of the competition easy. These reports can also expose opportunities to fill gaps in demand with ecommerce initiatives.

**Correct Deficiencies.** If your hotel presence online monitoring tool uncovers areas where you are not in rate parity, correct immediately. As well, there may be some links on sites that were enabled years ago that no one was aware of and are therefore unattended. These can have erroneous information and rates. I discovered this with a simple search for an independent hotel client. The hotel was offering an NFL special on an obscure site that no one at the property was aware of.

**Respond to Critical Online Reviews.** Respond with a measured response to any online review as to how the deficiency has been corrected and or how a situation surrounding a less than optimal guest experience occurred. Ensure that there are no areas of the hotel that you would not like to see in pictures or videos posted on TripAdvisor. One client took the response thing to a whole new level and even responded to positive reviews with a Thank You response!

Diligence and creativity are the hallmarks of crafting a contingency revenue management strategy and for many of you the time to implement a contingency plan is here. I suggest one more thing to implement at your stand up meeting each morning with the GM and DOS. Prior to analyzing the numbers and starting the day, repeat Jeff Weinstein's mantra, in unison - 'I will not cut prices!'

Join us in San Diego April 4 for a revenue generation seminar open to all hospitality sales professionals. For more information on the I Hate Cold Calls - Web 2.0 program [Click Here](#).

Carol Verret and Associates is offering a series of public hotel sales seminars nationwide this year in response to growing demand from the hotel community. For more information on where they are to be held or how your hotel or management company can sponsor one, email Carol at [carol@carolverret.com](mailto:carol@carolverret.com) or call (303) 618-4065.

Carol Verret And Associates Consulting and Training offers training services and consulting in the areas of sales, revenue management and customer service primarily but not exclusively to the hospitality industry. To find out more about the company click on [www.carolverret.com](http://www.carolverret.com). To contact Carol send her an email at [carol@carolverret.com](mailto:carol@carolverret.com) or she can be reached by cell phone (303) 618-4065. Visit [www.hotelsalesblog.com](http://www.hotelsalesblog.com).

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