

'The amount of time being spent on mundane implementation work is very high' - Revenue and Pricing Strategies in Travel Special

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Hoteliers have to take a call between their key resources spending hours updating several channels manually or to opt for a scenario where the implementation of any pricing decision is largely automated.

The latter frees up these resources to focus on strategically important issues to enhance a hotel's performance.

So which is the best way to address this?

"I think the situation has improved although there is still a lot of scope for improvement. Irrespective of who implements the pricing and inventory decisions, the amount of time currently being spent on mundane implementation work is very high. As per a HSMAI survey, time spent on implementation by RM managers and Directors is significantly more than time spent on strategy or customer engagement. I think most RM executives can be more strategic with more automated reporting and price/inventory implementation," says Chinmai Sharma, Vice President, Revenue Management, Wyndham Hotels.

Sharma, who is scheduled to speak during Revenue and Pricing Strategies in Travel conference, to be held as part of the Travel Distribution Summit North America in Las Vegas in October, also spoke about other critical issues. Excerpts from an interview:

Ritesh Gupta: How do you think the task of a senior RM executive evolved as of today?

Chinmai Sharma: I think the current generation of RM leadership in the industry has evolved significantly over the past five to ten years. The discipline has matured and we now see RM involvement right from the start of project feasibility and product definition to establishing optimal market mix and the usual demand and capacity management. The advent of multiple Distribution channels with their own unique characteristics and costs have made the job of today's RM executive both more challenging and interesting. Today's RM executives also have an equal say in the Distribution strategy and Strategic Marketing as resource deployment and ROI have become more important, especially in today's economic environment.

Ritesh Gupta: The increment in the number of distribution channels has highlighted the significance of channel managers especially when it comes to handling a multitude of manual extranets. How do you assess the situation today from a hotelier's perspective?

Chinmai Sharma: Channel Management tools definitely help the average hotelier to play with multiple distribution platforms while maintaining rate and inventory integrity to end consumers. The bigger chains however probably don't see it as a long term solution as they have the capability of building direct connectivity with most major OTAs. I think it's still a great solution for most hoteliers especially in emerging markets like Europe and APAC where the domination of major OTA companies is limited. Some of the other things to consider while selecting distribution channels from an hotelier's perspective are customer acquisition costs, geographic spread of the channel, metrics like LOS / Booking window / Seasonality, on site spend of end customer, the 'Billboard' effect and finally if their partner channel can actually help build their Brand awareness through Mktg Coop and PPC models.

Ritesh Gupta: How can a hotel be prepared for the increased workload that comes with having to manually update rates according to information being received from multiple channels? How can one bring in efficiency in this regard?

Chinmai Sharma: The channel management tools are crucial in updating pricing and inventory changes across channels. The hotelier obviously needs to do a cost benefit analysis of time spent in managing another channel (including accounting, payables etc) vs. incremental revenue received. Another solution that's helping hoteliers is content management solutions where they update content and media across multiple channels from a single platform.

Ritesh Gupta: What role do you foresee of a RM partner from a hotelier's perspective, especially in the context of ensuring that all the various hotel and third party booking systems and distribution channels are integrated and interfaced so that the information seamlessly flows between all systems in a timely and efficient manner?

Chinmai Sharma: The partner providing such a channel management platform should be:

Reliable: Minimum down time, solid infrastructure and up-to-date technology. Also responsive to OTA extranet upgrades etc.

Cost effective: per transaction charge should not be significant on top of the regular costs like OTA margins, GDS fees etc.

Capable of providing Business Analysis: capable of providing meaningful reporting (past and forward looking) and also be able to raise flags when booking pace by channel is unsatisfactory.

Support: responsive tech support and a dedicated account manager helps.

Ritesh Gupta: How do you assess the development of tools in order to give hoteliers back the control and provide them with clarity of what is going on with their business?

Chinmai Sharma: I think we have come a long way from the 'whitney rack' system but as an industry we are still far behind other service industries in terms of tools and technology. While the brands have made significant progress in this area, tools haven't developed a lot at most small companies and independent hotels.

Ritesh Gupta: How do you measure your performance across various channels and streamline your processes to effectively implement revenue management?

Chinmai Sharma: This is an ongoing process and a ROI calculation across various channels always helps plan in planning revenue and share goals for next year. Distribution channel comparison vs. industry norms through benchmarking reports also helps in identifying opportunities. Measuring performance across channels consists of tracking metrics like costs or margins, LOS / Booking window / Seasonality statistics, measuring revenue share from each channel and trends over time, impact on net ADR due to varying channel mix, measuring booking pace by channel to be able to focus on the right channel and finally making pricing/inventory decisions to impact the dominant channel at the optimal booking lead time.

Chinmai Sharma and Dan Kowalewski, VP Revenue Strategy and Services from Wyndham Hotel Group with both be speaking at will be speaking Revenue and Pricing Strategies in Travel conference, 1-2 October, Las Vegas.

For more info on Revenue and Pricing Strategies in Travel conference, to be held as part of the Travel Distribution Summit North America, click here: <http://events.eyefortravel.com/tdsusa/revenue/agenda.asp>

or contact:

Helen Raff,

VP North America

Email: helen@eyefortravel.com

Tel: +44 (0) 207 375 7582 - UK

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