(Simple) Revenue Management Principles

A beginner's introduction

What is revenue management

Official: ‘*selling the right room to the right customer at the right price on the right time*’ (through the right channel and the right policy and …)

Simple: *managing the revenue that comes into the property*

Ok sure but how?

It’s a basic combo which you decide upon

(and load into Nightsbridge)

1. A room rate
2. Without or without meals and sundry sales (parking, Wi-Fi, etc)
3. With certain restrictions (policies – deposit/payment/cancellation/length of stay/etc)

The challenge:

Which room and when

With or without meals and when

Which rate and when

Which policy and when

What restriction and when

Any business manage risk essentially:

For a hospitality business it would be?

Not sit with empty beds!

-The aim of each business is to make the future as certain & predictable as possible

-The future we are trying to manage is`:

- *to be to be as full as possible*
- *at the highest rate possible*

How do we mitigate the risk?

(by getting answers to the future and predict it as close as possible)

Research history and forecast

Establish trends and adjusting rates (booking, cancellation, wash pace)

Keeping a tab on our competitors in the area (and not over or under-price ourselves)

Keeping a finger on the pulse of the industry

Identifying future peaks and valleys (and adjust rate or introduce specials or add overrides)

Adjusting payment, deposit, stay and cancellation policies

the above, based on the future, 1 year ahead don't get lost in historic data

In Summary

(Revenue Management does Not equal sales)

Steps:

1. You apply a strategy for groups of future dates
2. Based on investigative forecasts
3. And enforce the plan

If the plan don't work: begin at step 1

The End