

	<p style="text-align: center;">RESOURCE LIBRARY REVENUE MANAGEMENT Hotel Revenue</p>	<i>CODE:</i> 06.01.016
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HOTEL REVENUE- GAME OF SKILLS, ART & NERVES

It is imperative to remember that REVPAR is a combination of both occupancy and rate. An ADR index often rises in inverse relation to market share penetration when rate is driven too radically thus leaving the REVPAR needle unmoved. In addition, it is important to retain positioning in the market, especially as it is presented on the electronic distribution channels.

Revenue management becomes a game of skill, art and most of all nerves. It is a high stakes game. There are several variables to consider in playing this game:

- **Market Share Penetration and ADR Index.** Ideally, the market share index and ADR index should be tight. That is, the percentages should be within a few percentage points of each other. If market share is well over 100% (110% or more) the hotel should be pushing rate but be prepared to lose to a certain number of market share penetration points. Decide in advance how many percentage points you are prepared to decline in market share. When you reach that hurdle, leave the rate level. If you are below that market share threshold, drive rate very conservatively and be prepared to back off when you get rate resistance and denials.
- **Position on the Electronic Distribution Channels.** If you are well positioned on the EDCs in terms of rate and product don't be lulled into a false sense of security. The positioning needs to be checked and evaluated with more frequency given the short lead times we are now experiencing. This is the only way to maximize the seasonal opportunity. In periods of high demand, adjust rate and inventory allocation on a daily basis if necessary. This also applies to the franchise web site. Check your positioning in relation to the other franchise products in your market -- the select serve hotels are well positioned to take market share from full serves in a price sensitive climate.
- **Check the Pulse of the Market Daily.** If you have access to Day STR reports, use them and analyze them every day. Have the night audit drive to work fifteen minutes earlier and count cars in the competitors lots as well as note any tour buses or other marked vehicles. By keeping your finger on the pulse of the market every day, you can adjust course and remain nimble in the reservation system, EDCs and rates quoted across the desk for walk-ins. Blind shop the competitors every day for their walk-in rates.
- **Gamble Based on Calculated Risk.** Don't be too cautious -- overbook on high demand nights but do so based on facts. What is the average no-show factor for that night of the week under similar conditions; look at last years demand patterns. Those who don't examine and learn the lessons of their past history are doomed to repeat it!