Opinions

Looking for demand clues during a pandemic

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Has your revenue team made the leap to access untraditional data sources when looking for demand clues? It's very possible there's more to discover than you think.

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Over the past many months, I've witnessed with almost incomprehension the evolution of change the COVID-19 pandemic has forced upon our industry.

From operational standards to accounting practices; from forecasting methodologies to budgeting scenarios; from multiple segments to one dominating segment; from remote sales efforts to heavy reliance on digital marketing—nothing is the same. And so, it's no surprise that traditional revenue-management approaches are no longer sufficient.

First of all, I have to confess that I continue to be highly impressed by so many organizations that have made it their mission to find ways to help us all better understand consumer sentiment and buying behavior. And the wealth of information available is staggering. Kudos to the countless industry companies that have gone out of their way to provide stay-safe guidelines and planning-for-recovery roadmaps, not to mention the 24/7 statistical overviews that help us understand today's reality and tomorrow's challenges. As an industry we've certainly worked to support one another.

But in all of this is the reality of information overload—as if we didn't already have a lot of data from which to make better decisions. And so, as I continue to wade through what seems like an ocean of information, I've tried to isolate those pieces of market intelligence that will most effectively support decision-making. Although this is different for every hotel, I do believe there's a globally applicable approach to search out resources. I see these data sets in concentric circles, going from macro to micro; the outermost ring representing macroeconomic trends and the innermost ring representing what's happening in your backyard.

Let's start with that outermost ring. Here's an example. At the recent virtual Hotel Data Conference, one presenter shared valuable insights on US travel spending, GDP statistics, unemployment figures and recovery forecasts. Although no one has a crystal ball to the future, the data presented will most certainly assist in the 2021 budgeting process. I'm not suggesting that as revenue managers we don't pay attention to macroeconomic information, but we really have to be "glued to our screens" this year when it comes to understanding the bigger picture.

For example, we keep reading about phases of how business will return—the initial phase being domestic leisure drive and domestic leisure fly, etc. As a lens on the broader picture, that makes sense. But I for one certainly didn't know the details around the U.S. balance of travel; that there were some 97.5 million outbound departures in 2019 and 78.9 million inbound arrivals. The presenter suggested that if Americans aren't making international trips because of border closures and COVID-19 restrictions, then there are potentially about 19 million more U.S. travelers who may take a domestic trip. That figure certainly makes for interesting demand clues.

Now, let's take a step into the next concentric circle and ask, what's happening in my region? I recently attended a weekly revenue meeting during which the team examined feeder markets in detail. They asked and answered questions about COVID-19-related travel restrictions to/from those markets, shifts in school-break schedules, weather patterns, airlift and TSA statistics. They accessed travel pattern data from the U.S. Travel Association and traveler sentiment survey data from Fueltravel.com.

They also looked at Skift's Recovery Index, which accesses and consolidates data from ten different sources, six of which are not in wide use by revenue teams. For example, one data source is Arrivalist, which uses "mobile location datasets to provide actionable insights on consumer behavior, competitive share, media effectiveness and market trends, and has been tracking driving behavior of U.S. residents." That's pretty neat data! Lots of demand clues there, too.

Finally, let's examine that inner most concentric circle – the one that applies specifically to your own backyard. The traditional data sets certainly form part of the clues to demand trends. Reports such as roomnight production by channel, market segment trends, rate shops, STR market share reports, lead time

statistics, length-of-stay patterns and regrets/denials (if you're lucky enough to have any; can't believe I just said that).

But now, in these COVID-19-induced times, this revenue team was also paying much more attention to search stats, for what dates, for what lengths of stay, and with what level of conversion? They examined rate progression over time to determine if there was rate stabilization. They paid particular attention to shifts in booking lead times so as not to inadvertently make "knee-jerk" reactions to demand levels that had not yet fully materialized. They looked at average rate and average spend by zip code. At one point they compared search statistics year over year to see just how different consumer research was being conducted pre-COVID-19 vs. post-COVID-19.

They determined that for many arrival dates, conversion ratios remained strong, so they knew that price was not the issue. They utilized a heat map in Power BI to further identify booking trends. And they accessed market intelligence from both AirDNA and Transparent to enhance their understanding of the impact of alternative accommodations. Finally, with a recent subscription to ForwardKeys, they examined data that predicts travel patterns based on booking transactions, so that they might better monitor and anticipate shifts in traveler intent.

I must emphasize that by mentioning several vendors by name I'm not inferring advocacy, I'm simply saying that during these unimaginable times, we have to broaden our scope when searching for demand clues. The bottom line is to research the available data sources and determine which ones make the most sense for your market and your hotel. Clearly there are myriad resource choices; the ultimate objective is to fish where the fish are. And finding the best fishing spots means searching comprehensively for demand clues.

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