

Opinions

Why revenue managers, digital marketers need to unite

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Is your hotel leveraging the knowledge of its digital marketer? Do you know which data sets support “surgical strikes” that create demand? If not, it’s time to converge your revenue management and digital marketing efforts.



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Digital marketers today are more-regular participants in weekly revenue meetings. This hasn’t always been the case. As hyper-personalization in marketing techniques have taken hold, hotels have had to “up their game” to create demand.

Traditionally, the trio of sales, marketing and revenue management acted more like a duo, with marketing a somewhat distant player. The director of sales and marketing (DOSM) typically spent far more time on sales than on marketing. What effort was spent on marketing largely involved local initiatives or making decisions to participate (or not) in brand or portfolio-wide programs.



At the same time, a revenue manager asked to create demand (which was not the original intent of the position) had limited options. Often, turning to the online travel agencies was the weapon of choice. A good director of revenue might deploy other tactics first, such as extending a group block, offering “before and after” options or overselling a room category to keep a certain price point in play. However, if these strategies failed or fell short, it was not uncommon to see hotels opening the flood gates to OTAs. Let’s face it, we often still see this tactic.

Fast forward to today, directors of sales and revenue management have an active team member making digital marketing decisions in real time. What a relief! Finally, the roles of demand creator (marketing), demand capturer (sales) and demand management (revenue management) are aligned. To make the whole enterprise that much more robust, the revenue manager’s role is evolving. It’s being elevated to one of revenue strategy, a much broader interpretation of how to manage demand to optimize both revenue and profit.

What does this new collaboration look like in real life? Interestingly, the first data set reviewed in the weekly revenue team meeting is not the STR report; we get to that eventually. (STR is the parent company of Hotel News Now.)

The initial discussions are all about the future, not the past. All about what our hotel is doing, not what the competition is doing. The first piece involves a review of the trending business mix for the next 30, 60, 90, 120 days. Exactly how are each of the segments and channels building? If the budgeted goal is to generate 25% of your business through brand.com, is this happening? If OTA contribution must be limited (for example) to 15% of the mix, is that happening? If the corporate segment is targeted to produce a certain percentage of mix, is that what you see? How are groups performing?

The next piece is the forecast. Are we on the right trajectory, the right “glide path” to achieve forecast? In other words, what’s the velocity of pace? How does it compare to same time last year?

Once these questions are addressed, the digital marketing expert steps in.

One of the first data sets reviewed involves statistics on the number of website searches and for which dates. How have those searches increased or decreased during the primary booking window for this time of year? By looking at this data, we can determine more precisely if demand for a certain date has begun to materialize or not. This avoids knee-jerk reactions. We then examine the conversion ratios for each arrival date in the booking window. Are conversion ratios high, low or typical? If low, we delve into impact factors. If high, we ask ourselves if there’s pricing power.

We review every conceivable demand generator. It drives me crazy to hear a revenue team declare that a particular event does not generate any demand for their hotel. I’ll ask: “Have you ever marketed specifically to the people who would be involved in that group or event?”

If there’s a boat show in town, have you marketed to boaters? If there’s a convention coming to town, have you marketed to interest groups associated with that particular conference? If your favorite team is playing a rival, have you marketed to those fans who follow that sport and those teams? Just imagine marketing to those who happen to love Ed Sheeran or Drake or Pink—all of whom have concert dates coming up in your city!

What’s great about all this is the digital marketer has the precise data to target the right audience at the right time with the right offer. No shotgun approaches here, just surgical strikes. They can tell you which zip codes produce the most business at the best rates. If you like pictures and colors, they’ll produce a heat map that tells you exactly where the bookings are originating. They can tell you your top 20 feeder markets by total revenue, length of stay and lead time. They can tell you if global searches for your city or destination are on the rise or declining. They can tell you what your competitors are up to and how strong their respective websites really are. They can even gauge the strength or weakness of a competitor’s digital marketing effort. Of course, they can also amplify all of their initiatives through social media.

All to say, that we can now consistently “fish where the fish are.” If we’re willing to include and embrace the digital marketing effort, and use industry-leading solutions, there’s no limit to what we can achieve. Hotels that rely heavily on brand marketing can still initiate surgical strikes. Independent hotels, considered by some at a disadvantage, have even more leeway and freedom with their digital marketing strategy. We just have to make convergence a reality.

If the industry does experience a downturn, those revenue teams with the digital marketer at the table will fare the best. Remember, you heard it here first!

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