



HPL Hotels & Resorts

Presentation Topic:

**Importance of Integrating Revenue
Management into Sales & Marketing**

Adrian Tan

Overview of HPL Hotels & Resorts

- Independent hotel chain
 - ◆ Number of Hotels: 08 hotels
 - ◆ Hotel Types: City/Airport/Resort/Boutique
 - ◆ No of Rooms: Range from 18 to 510
 - ◆ Hotel Brands: Concorde/Hard Rock/Boutique



Overview of HPL Group

The HPL Group currently has interests
in the following
21 hotels in 8 countries:

Bhutan

UMA Paro

China

Four Seasons, Shanghai (under construction)

Indonesia

Four Seasons, Jimbaran, Bali

Four Seasons, Sayan, Bali

Four Seasons Estates (under construction)

Hard Rock Hotel Bali

Malaysia

Casa del Mar, Langkawi

Concorde Hotel Kuala Lumpur

Concorde Hotel Shah Alam

Concorde Inn Kuala Lumpur International Airport

The Lakehouse, Cameron Highlands

Maldives

Four Seasons Resort, Kuda Huraa Reef

Four Seasons, Landaa Giraavaru (under construction)

Kandooma Island Resort (under construction)

Rihiveli Beach Resort

Republic of Vanuatu

Le Meridien Resort and Casino

Singapore

Four Seasons Hotel

Hilton Singapore

Le Meridien Orchard

Thailand

Hard Rock Hotel Pattaya

The Metropolitan, Bangkok

ENTRANCE



Section Overview

- Principles of Revenue Management
- Link between Revenue Management and Sales and Marketing
- Incorporate RM into Sales & Marketing
- Conflicts between RM/Sales/Marketing
- RM as Tactical Marketing Tool



Principles of Revenue Management

- Focus on selling price not costs or capacity
- Use market demand based pricing and what the market can accept
- Understand your most valuable customers and save your products for them!
- Sell to micro market segments not mass markets – different market segment has different price points



Principles of Revenue Management

- Exploit products' value cycle – understand peak period demand, competitors' product value and strategies
- Make decisions based on knowledge and data not on pure supposition – use trends and understand consumer patterns
- Continually re-evaluate revenue opportunities



RM dependence on Sales

- Sales Delivery to market segments
- Time Sensitive competitors' information
- Feedback from Market Intermediaries
- Latest Information on market activities



RM dependence on Marketing

- Tool to Deliver product value to Consumers
- Branding of Long Term product Value
- Fulfill Short Term RM needs with marketing activities



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Sales & Marketing dependence on RM

- Accurate Demand Forecasting
- Optimal Rate Strategy
- Market Segment Analysis
- Geographic Market Analysis



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Sales & Marketing dependence on RM

- Room Inventory Strategy
- Group allocations & cut-off strategy
- Channel Distribution strategy
- Implementation of Rate Fences



What are Rate Fences?

- Rate Fences – Rules & Restrictions
- Major Categories of Rate fences
 - ◆ Physical Fences
 - ◆ Transactional Characteristics
 - ◆ Buyer Characteristics



Pricing With Physical Fences

Physical Fences

Basic Product

- Size & furnishing of a hotel room
- Club Lounge access

Bundling

- Breakfast inclusive
- Free Airport pick up
- Free entry to Foam party for weekend
- Free Internet access for room type

Location

- City centre or airport hotel
- Resort or Boutique



Pricing With Transaction Fences

Transaction Characteristics

Time of reservation

- Advance Purchase rate
- Non refundable 7 days before departure
- Upfront payment

Time & duration of use

- Early bird special
- Minimum Length of Stay
- Seasonal pricing
- Long stay rates
- Limited Offer Booking period

Flexibility of rate usage

- Cancellation penalties
- Change of arrival dates
- Non refundable reservation fees



Pricing With Buyer Characteristics

Buyer Characteristics

Frequency or volume buyer

- Repeat guests get priority pricing, availability guarantee & loyalty benefits
- Volume accounts enjoy lower pricing

Group membership

- Special discounts for senior citizens
- Affiliation with certain associations (e.g. Car Clubs/Sports Club)



Incorporate RM information

- Review on Sales Planning
 - ◆ Forecasted Demand drives pricing
 - ◆ Focus on Needs period & Shoulder nights
 - ◆ Demand Trend of customers by segment/channel/geographic
 - ◆ Weekly Revenue Strategy Meeting



Incorporate RM information

- Review on Sales Planning
 - ◆ Identify Niche market segment
 - ◆ Displacement costs for Group pricing
 - ◆ Production Tracking on TA performance
 - ◆ Contractual agreement with Flexible rates
 - ◆ Shorter Duration of contracts
 - ◆ Reduction on room allocations



Incorporate RM information

- Review on Marketing Planning
 - ◆ Marketing Activities Calendar based on Forecasted Demand trend
 - ◆ Differentiate packages using Rate fences
 - ◆ Focus on RM Tactical Marketing



Concepts in RM Tactical Marketing

- Demand Trends
- Product Differentiation
- Rate Fences
- Price Elasticity
- Niche Market Segmentation
- Duration Control
- Value-added services



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Levers for RM Tactical Marketing

- Demand driven Variable Rates
- Inventory Control Management
- Distribution Channel Management
- Total Hotel Revenue Strategy



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Objectives of RM Tactical Marketing

- Demand Shifting Strategies
- Demand Generation Strategies



Conflicts between RM & Sales

- Turning away Current Business opportunities
- Need to maintain Goodwill with wholesalers
- Sales Commission solely tied to revenue performance?
- Sales manager assigned specific market segments such as lower yielding market.!.



Conflicts between RM & Marketing

- Is the price focused on Long term or Short term benefits?
- Is the price for Strategic Or Tactical purpose ?



Managing Conflicts between RM & Sales

- Incorporate Subjective sales information
- Review on Sales demarcation on markets
- Review on Sales Commission structure
- Daily market review with sales team



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Managing Conflicts between RM & Marketing

- Setting Common Goals – Branding & Value
- Consistent Marketing message about product to end consumers
- Close Communication with marketing team



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Questions & Answers

Thank You.!.