

CHMWarnick



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Identifying the level of play:

- Clear communication of different buyers, when and how to 'inspire' channel
 - Strategy focused on how customers buy
 - Strategy focused collaborative ownership with Marketing to complete initiatives
 - IS NOT a revenue management focus, yet a look at the Revenue – Trifecta of Sales Marketing and Rev Mgmt.
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- Total Hotel Revenue Management
 - Pricing and allotments per distribution channel and connecting to occupancy and rate strategy.
 - Focus moves from competitors rates to Market Appropriate Pricing and pricing demand
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- Pricing and Room allotments
 - Focus on Competitors Rates for price position

Revenue
Optimization

Revenue
Management

Yield Management

Why it matters:

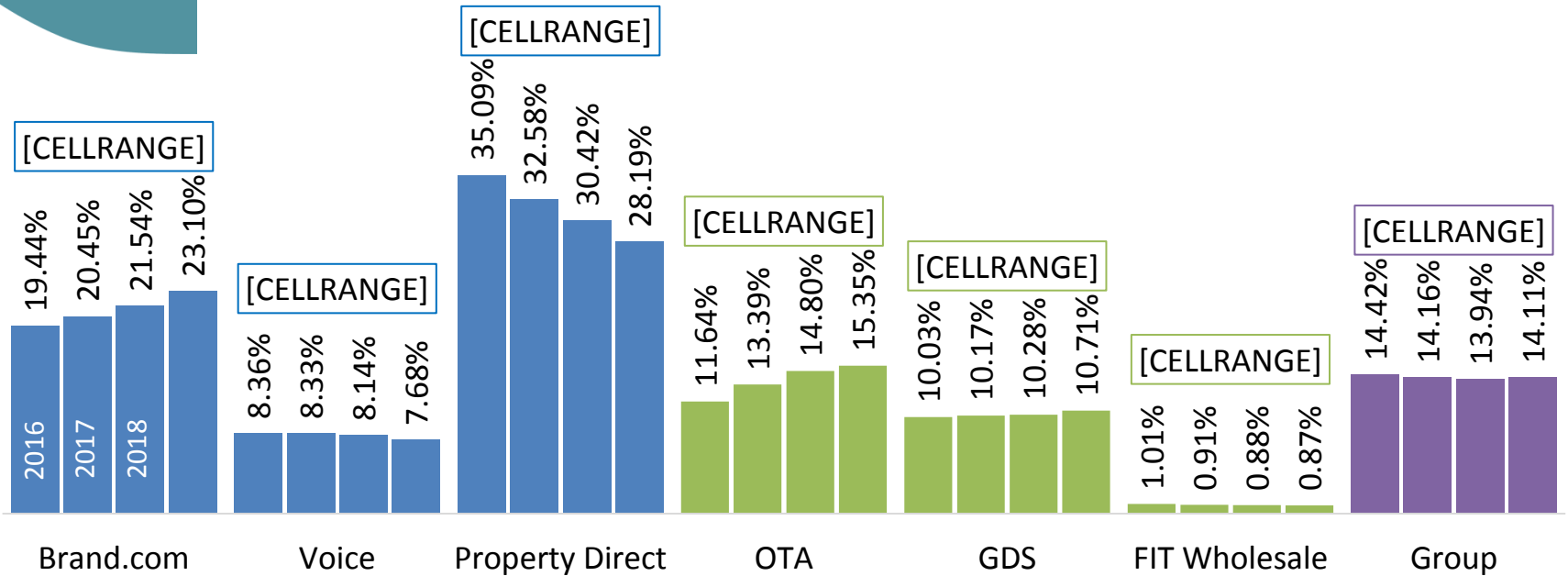
- Revenue Growth
 - Profitable Growth
 - Focuses on leader mentality rather than laggard
 - Sustainable, and less volatile
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- Critical if large F&B or other Revenue Generation
 - Having focus and delivering on how segment performance contributes to RevPAR achievement
 - Pricing Efficacy beyond the market
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- Pricing is only as good as the competitors movement. Hard to be rate leader.
 - Forecasts are inefficient as you aren't able to see into predictive patterns

Sharp Decline in Property Direct

Annual Demand Share – All Chain Scales USA – (2015-2018)

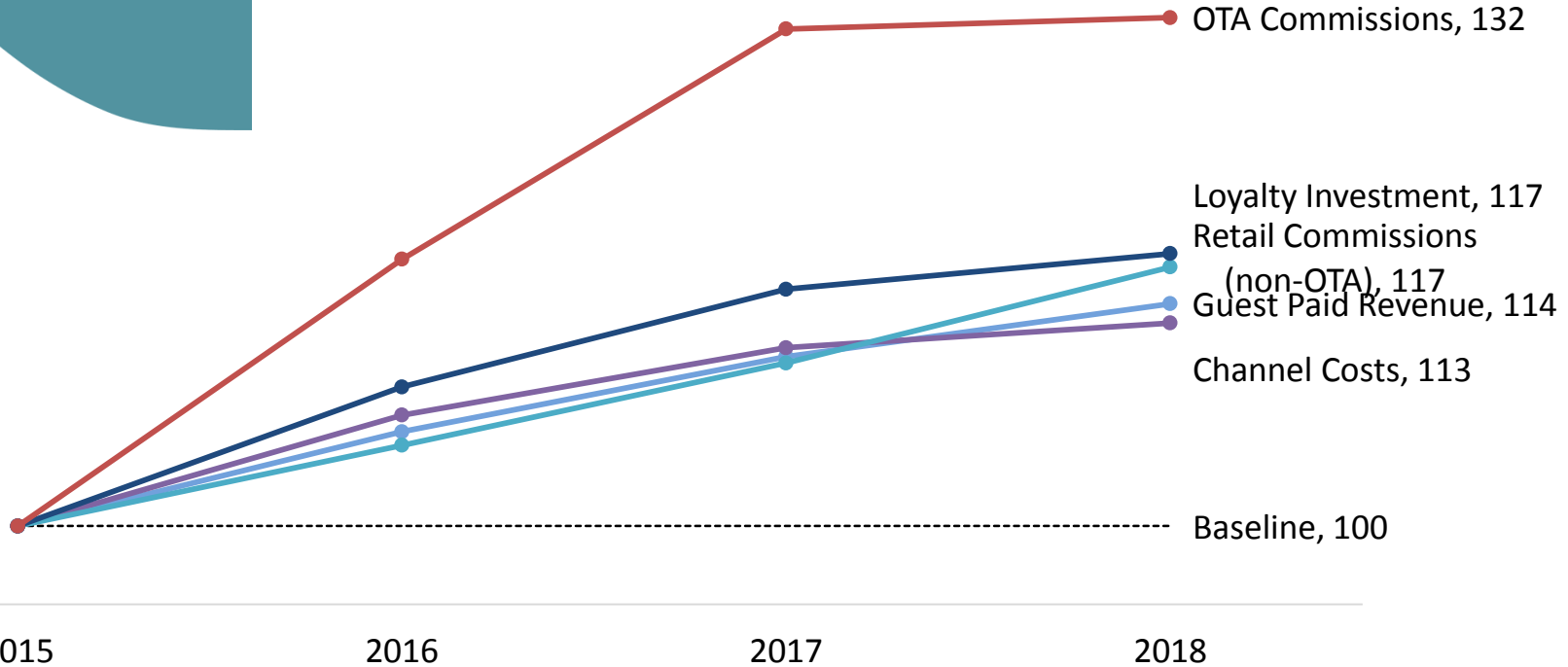
Direct Channels

Indirect Channels

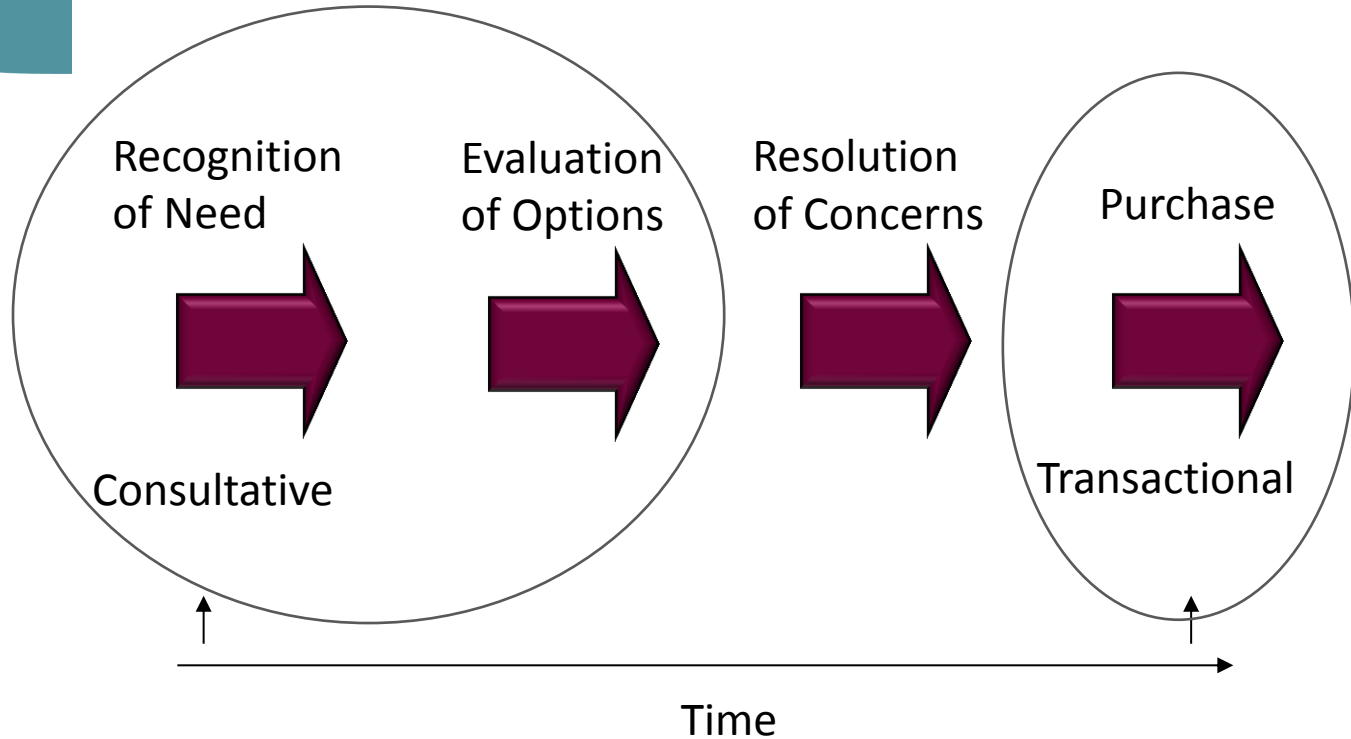


OTA Commissions Rising at 2x Guest Paid

Cost Growth Rates of Key Indicators – All Chain Scales – USA (2015-2018)



Creating Emerging Demand



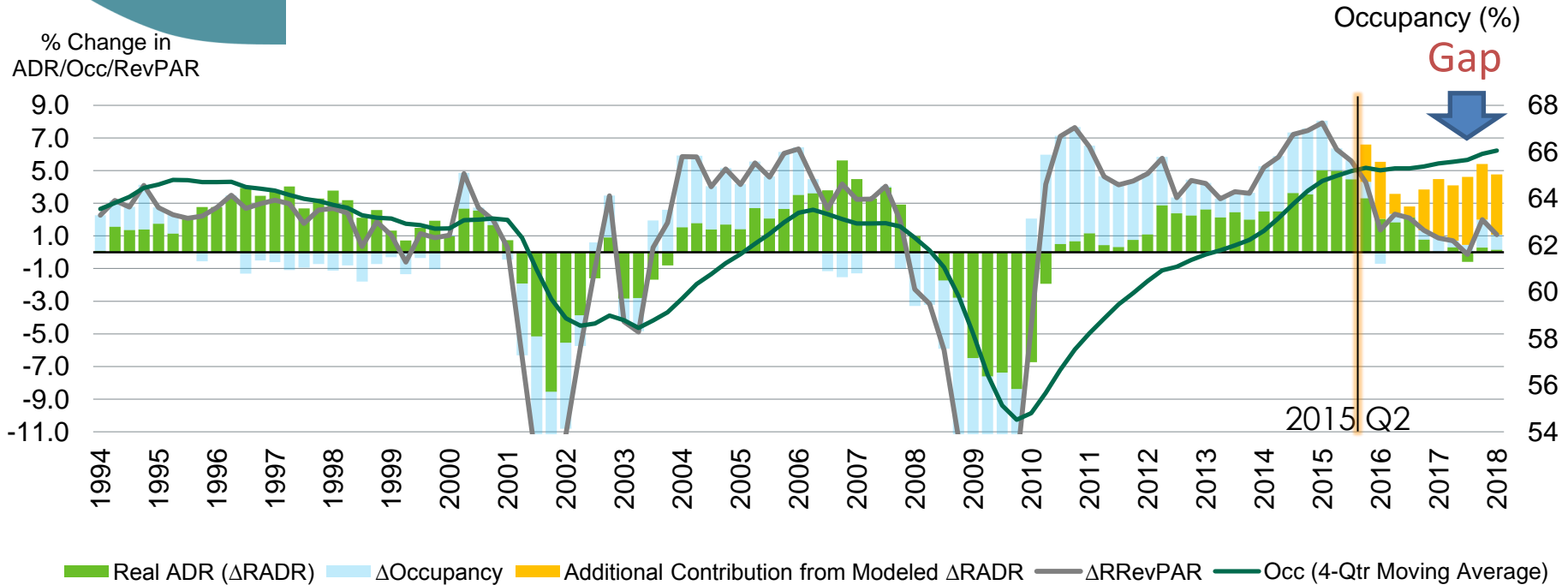
Mapping the Most Profitable Customer's Buying Journey

*Understanding & Defining
Points of "Connection Opportunities"*



MODELED ADR - IF HISTORY WAS REPEATED!

Real ADR Growth (ADR% minus CPI%) Now Hovers Around 0%



Notes: Previous historical peak occupancy 66% (2017 Q4), Current occupancy 66.1% (2018 Q1)

Sources: CBRE Hotels' Americas Research, STR Q2 2018.

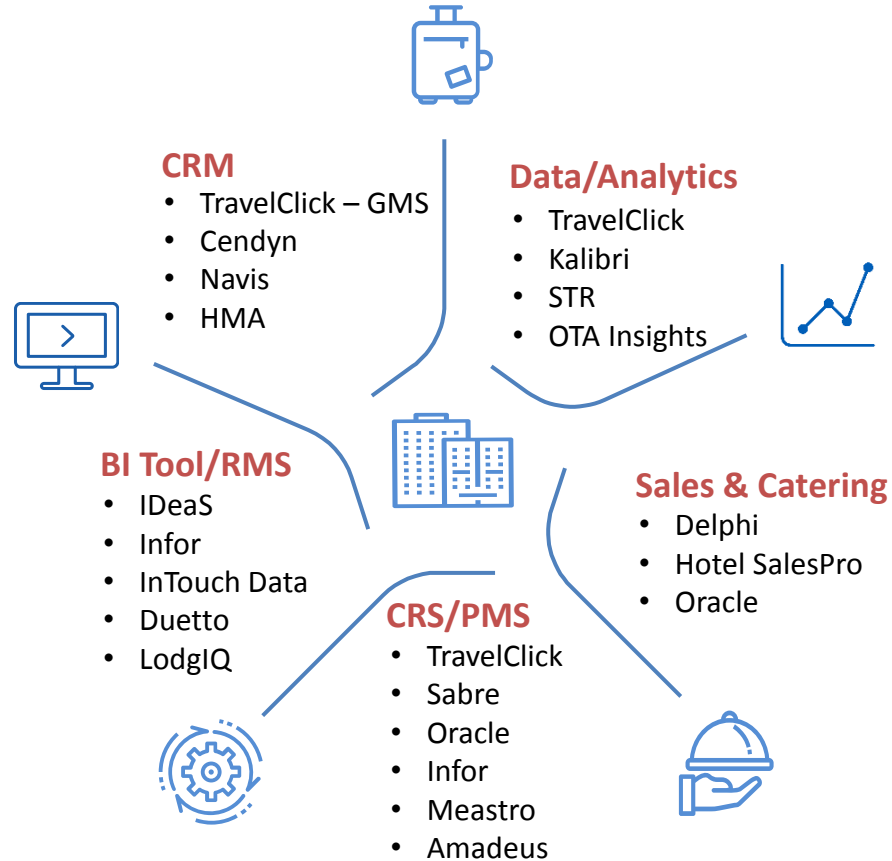
General Theories:

1. **Chain Redemption “Cliffs”** – 95/96% occupancy “cliffs” to get higher premium ADR compensation on reward redemptions
2. **Mobile Discounting & Last Minute Sites** – ‘last minute’ @ higher discounts
3. **Higher Cancellation Rates vs. Airlines** – tighter rate efficiency than airlines, guests book multiple rooms since they can cancel for minimal premium and offer get better deals closer in anyway
4. **Static Account Rates** – Push back from accounts, holds back growth on peak nights
5. **DOW Demand Mix** – occ opportunities more on wknds (lower leisure/weekend rates)
6. **“Heads in Beds” mindsets and lack of price elasticity knowledge** - managers & owners often default to discounting/promotions
7. **OTAs Gaining Market Share** - higher cost channels, net less revenue
8. **Sales Incentives** – generally fairly simple and generally don’t incent to sell higher ADRs

Hypotheses tested for 2018 HDC (Source: CBRE Hotels’ Americas Research)

1. **Nothing Unusual Here!** – the current occupancy/ ADR growth relationship is typical of past relationships at this point in the cycle.
2. **Real vs. Nominal Rates Disguise** – Perhaps nominal ADR growth rates are abnormal but real growth rates are typical.
3. **Aggregation Bias** – the national trend in occupancy and ADR since 2014 occurred because some chain scales, locations, and/or cities have driven the national result.
4. **Extraordinary and Localized Supply Growth** – High rates of supply change in city markets or important hotel submarkets compromised managements’ opportunities to increase ADR while high occupancy is preserved.
5. **Sharing Economy Discounts** – Airbnb-style flexible supply is limiting extraordinary rate increases during high-demand periods that in the past boosted average rates.

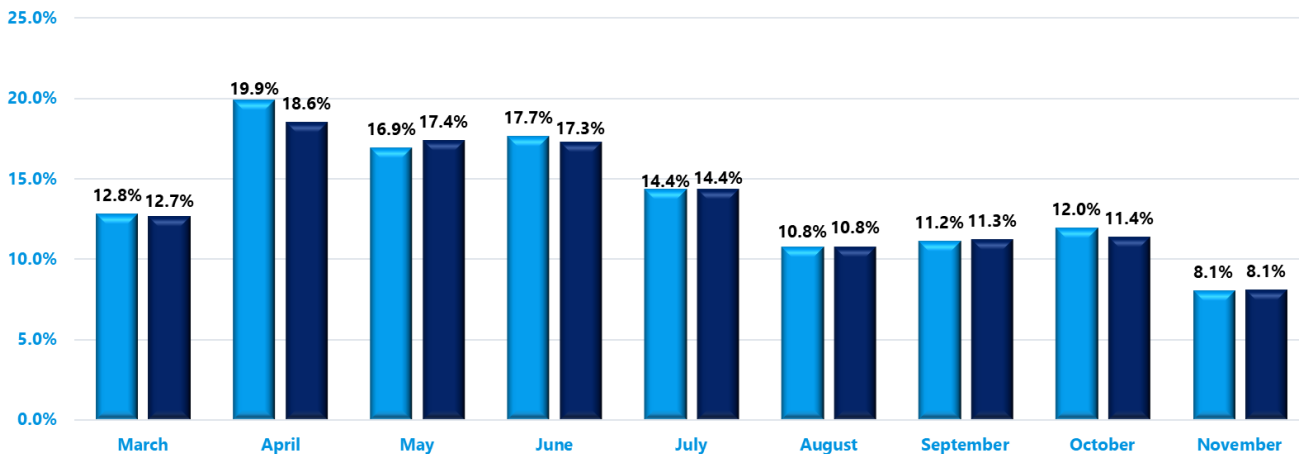
Hotels have an overabundance of data that is rarely integrated, so knowing where to spend time is a daily challenge.



Understanding future segment and channel demand for your market or competitive-set is critical in your hotel's ability to set strategy.

Group Occupancy % Outlook*

last year versus this year
as of the beginning of the month



* First month reflects Group Pickup; subsequent months reflect Group Block

United States - All markets YoY Variance	
Booking Channel	(%)
Brand.com	+0.8%
Direct	+0.0%
GDS	+0.6%
OTA	+0.0%
CRO	-1.4%

United States - All markets YoY Variance	
Market Segment	(%)
Discount	-0.1%
Group	+0.1%
Negotiated	-0.0%
Qualified	-0.6%
Retail	+0.3%
Wholesale	-0.1%
Other	+0.4%

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