



Acing the Revenue Game

Hotels are looking at new avenues to generate revenues that go beyond rooms and food.

BY BINDU GOPAL RAO

Hotels traditionally generate revenue through a combination of sources. The core of their business lies in room stays, where guests pay for overnight accommodation and food and beverage services at restaurants, bars, in-room dining, and events.

NEW VISTAS

In today's dynamic hospitality landscape, hotels thrive on a diversified revenue generation strategy. While room rates remain the cornerstone, true success hinges on deploying effective pricing models. This necessitates a shift from static structures to dynamic ones that adapt seamlessly to fluctuating demand and seasonal trends. Furthermore, hotels can strategically target specific market segments to optimize their business mix. Accurate forecasting becomes the lynchpin of this strategy, empowering hotels to proactively adjust pricing and inventory management, ensuring they capture maximum revenue potential. "Additionally, hotels can cater to long-term stays by providing special packages or discounts, which appeal to remote workers or digital nomads. Partnering with local businesses for tours, activities, or bundled packages can provide a unique selling proposition for guests. Loyalty programs and monthly or annual memberships for discounted stays,



Rayan Aranha, Vice President, Hospitality, Brigade Group

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Offering enticing add-on options during booking



Adi Mathur, Revenue Manager, Cluster Hotels, Taj Lakefront, Bhopal

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food and beverage offerings, or spa services can build guest loyalty and create recurring revenue streams,” says Rayan Aranha, Vice President, Hospitality, Brigade Group.

MAKING A DIFFERENCE

An ideal revenue mix often centres around a 50:50 split between rooms and F&B, including banquets. To maximize revenue across these segments, hotels can employ targeted strategies. Room revenue thrives on dynamic pricing and a robust online presence. High-quality content that showcases the hotel's unique offerings compels bookings and drives conversions. The hospitality industry is witnessing a fascinating paradigm shift – the rise of last-minute bookings. “This necessitates agility from hoteliers to adapt to this compressed lead time. Technology emerges as a powerful ally, streamlining the booking process and promoting ancillary services that enhance the guest experience. Automation empowers hotels to personalise the guest journey by offering enticing add-on options during the booking process, driving incremental revenue and solidifying guest loyalty,” says Adi Mathur, Revenue Manager – Cluster Hotels, Taj Lakefront, Bhopal.

NEW MODELS

Hotels often do laundrette services for people within a five-seven km radius, gourmet catering services for corporates/ offices and HNIs and private jet/ flight catering services. Luxe retail is another segment. “Upstage Collect, an exquisite boutique, showcasing a fine collection of luxury lifestyle apparel, jewellery accessories and tea is present across our hotels and resorts in India and is also available online – upstagecollect.com. Expansion into entertainment through ISAKTE by Roseate, a popular lifestyle entertainment destination, offers a unique experience of skating on real ice, catering to a larger, more diversified audience. As organisations are adopting new ways of working, such as hybrid models, there has been an increasing demand for co-working spaces.



Hotels can cater to long-term stays by providing special packages or discounts

Roseate Hotels & Resorts offers contemporary co-working spaces, designed to make work a pleasure. They are available across Roseate House New Delhi, Vasant Kunj and ISKATE by Roseate," explains Kush Kapoor, CEO, Roseate Hotels & Resorts.

TREND CHECK

Hotels continually seek to innovate and develop new revenue streams to stay competitive in the hospitality industry. One approach involves conducting thorough market research to understand guest preferences, local trends, and competitors' offerings. By tailoring services and experiences accordingly, hotels can better meet the needs of their target market. Additionally, analysing customer feedback through guest reviews and surveys provides valuable insights into areas for improvement and unmet needs, which can potentially lead to the introduction of new revenue opportunities. "Strategic partnerships with local businesses for tours, activities, or bundled packages offer unique experiences that attract new guests and drive spending. Furthermore, leveraging guest data for personalization, such as targeted promotions or upselling relevant services, enhances guest satisfaction and increases revenue. Through these methods, hotels can continually evolve and develop innovative revenue streams to enhance their bottom line," adds Aranha.

TECH PUSH

Adopting technologies like mobile check-in/ check-out, smart room controls, and AI-driven customer service solutions, such as chatbots, has made hotel offerings more appealing to tech-savvy travellers. Additionally, utilizing big data and predictive analytics to fine-tune pricing, occupancy rates, and promotional strategies



Kush Kapoor, CEO, Roseate Hotels & Resorts

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is crucial for discovering new ways to increase revenue. Empowered employees have a positive impact on how guests feel and their decision to become repeat guests. "At



Spa services enhance guest loyalty



Automation empowers hotels to personalise the guest journey

Hilton, our 'Make It Right' initiative includes all aspects of taking care of guests before, during, and after their stay. It is much more than just problem resolution; the preventative and proactive approach is just as important. Guests who have a great experience come back to stay with us again and leave us great reviews!



Sarbendra Sarkar, Founder & MD, Cygnett Hotels & Resorts



Jai Chugh, GM, DoubleTree by Hilton Gurugram Baani Square

We use augmented reality to assist with staff onboarding, allowing new employees to be put in real-life situations and trained before even entering a room. We are currently enhancing the guest experience by introducing advanced technology, allowing guests to get a sense of the property virtually without needing to visit," says Jai Chugh, General Manager at DoubleTree by Hilton Gurugram Baani Square.

DOING THE MATH

Many hotels are focusing on revenue management systems to maximize revenue by optimizing room pricing and inventory availability. These systems use data analysis and forecasting algorithms to determine the best pricing strategy for hotel rooms at any given time. Implementing a robust revenue management system tailored to the specific needs of a hotel can significantly enhance revenue generation, optimize occupancy rates, and improve overall financial performance. Sarbendra Sarkar, Founder & MD, Cygnett Hotels & Resorts explains, "Revenue management systems analyse historical data, current market trends, events, and other factors to forecast future demand for hotel rooms accurately. These systems dynamically adjust room prices based on demand, time until arrival, booking pace, competitor pricing, and other relevant factors. Prices may fluctuate in real time to capitalize on demand fluctuations. The system manages room inventory across various distribution channels to ensure optimal allocation and availability. It prevents overbooking or under-booking situations and maximizes revenue from available room stock. Integration with online travel agencies (OTAs), global distribution systems (GDS), and direct booking channels allows for seamless distribution of inventory and pricing updates across multiple platforms." Beyond merely generating revenue from room sales, emphasizing 'total revenue' by optimising earnings from ancillary services is crucial for hotels and they are clearly stepping up to achieve this. ■