

The Flip Side of Yield



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The Hotel Industry's Perspective

What is Yield Management?

- **A discipline**
- **A culture**
- **A way of doing business**

What is Yield Management?

Yield Management is the umbrella term for a set of strategies that enable capacity-constrained service industries to realize optimum revenue from operations

Centre for Hospitality Research Cornell University

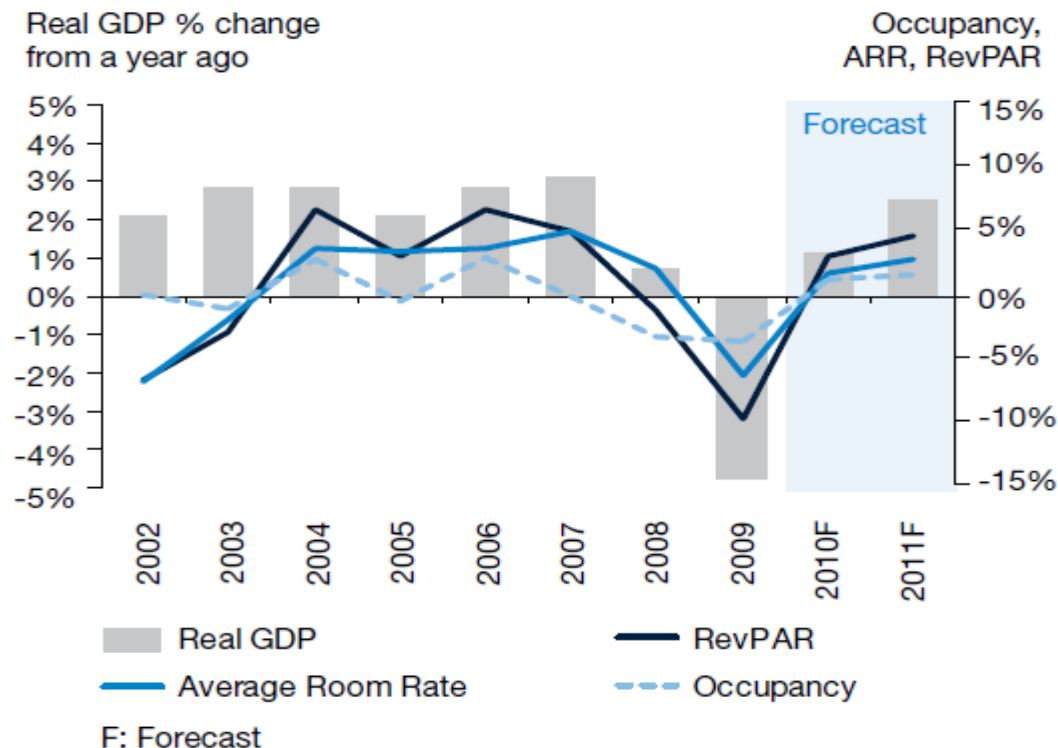
Providing the right service to the right customer
at the right time at the right price!

Hotel Yield Management is...

1. A scientific approach to rate management
2. Revenue maximisation by forecasting demand
3. Setting of thresholds and target rates in each market segment

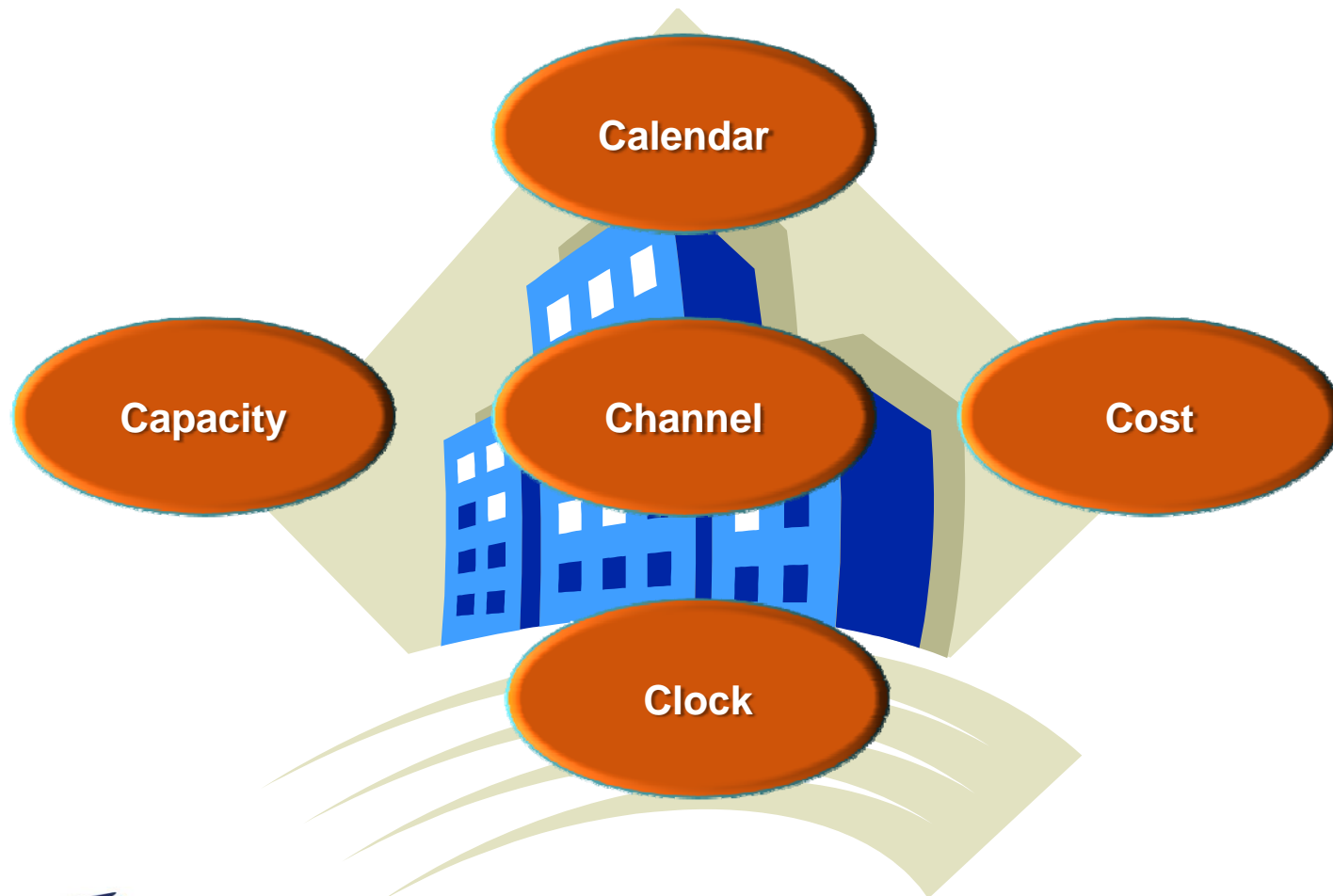
So What is The UK Forecast?

Real GDP, revenue-per-available-room, average room rate, and occupancy growth rates



Source: Econometric Forecasts: PricewaterhouseCoopers February 2010
 Macroeconomic Data: National Statistics
 Benchmarking Data: TRI Hospitality Consulting 1979 -2000. STR Global 2001-2009

Hotel Yield Management 5 C's



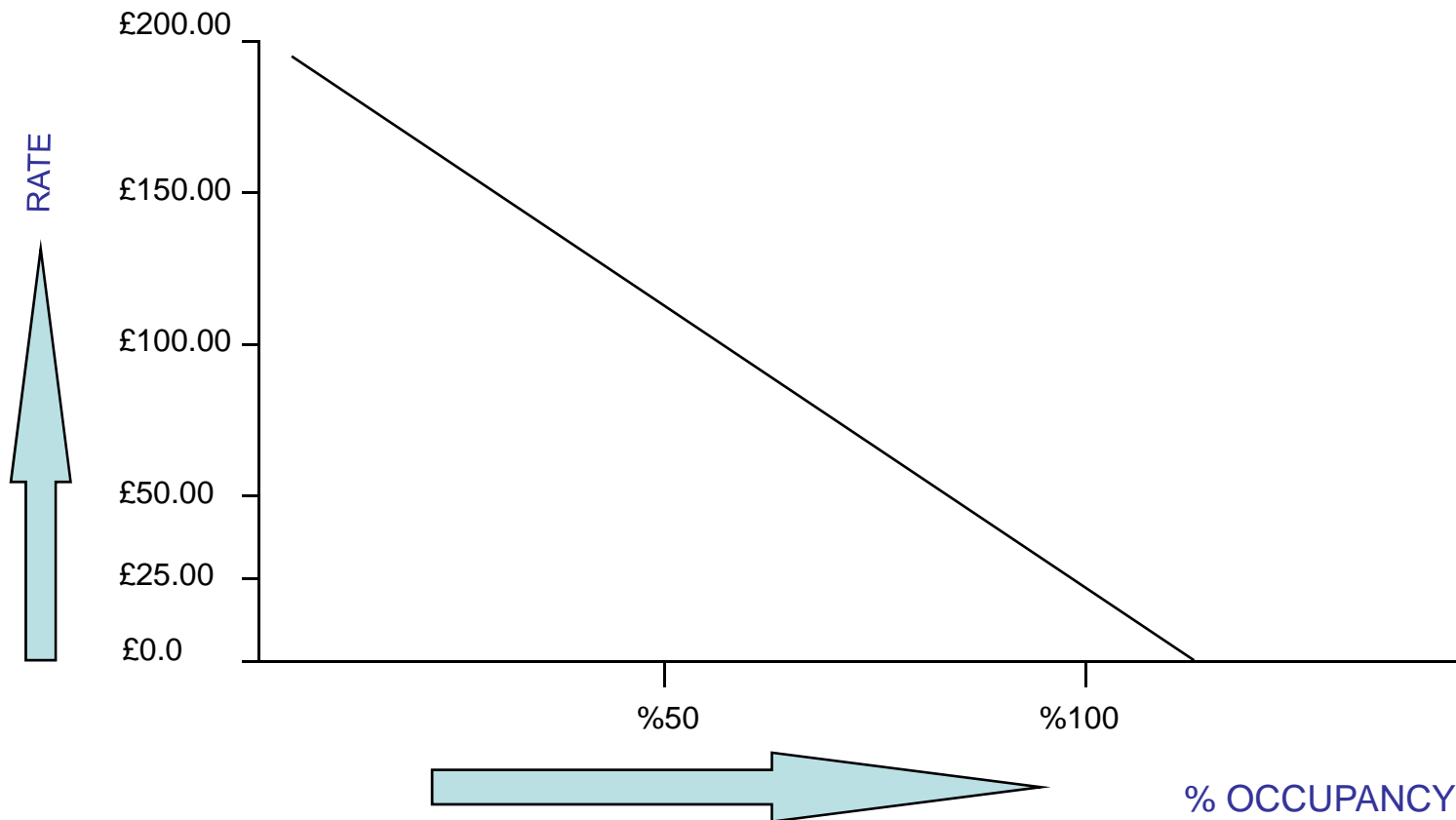
Tasks of Hotel Yield Management

Restrictions

- CTA - Closed to arrival
- BTC - Booked to capacity
- MS# - Minimum length of stay
e.g. MS3 = Minimum length of stay 3 nights
- ADV - Advanced Purchase
- NWL - No wait list
- NO - Rate or Room Type not available

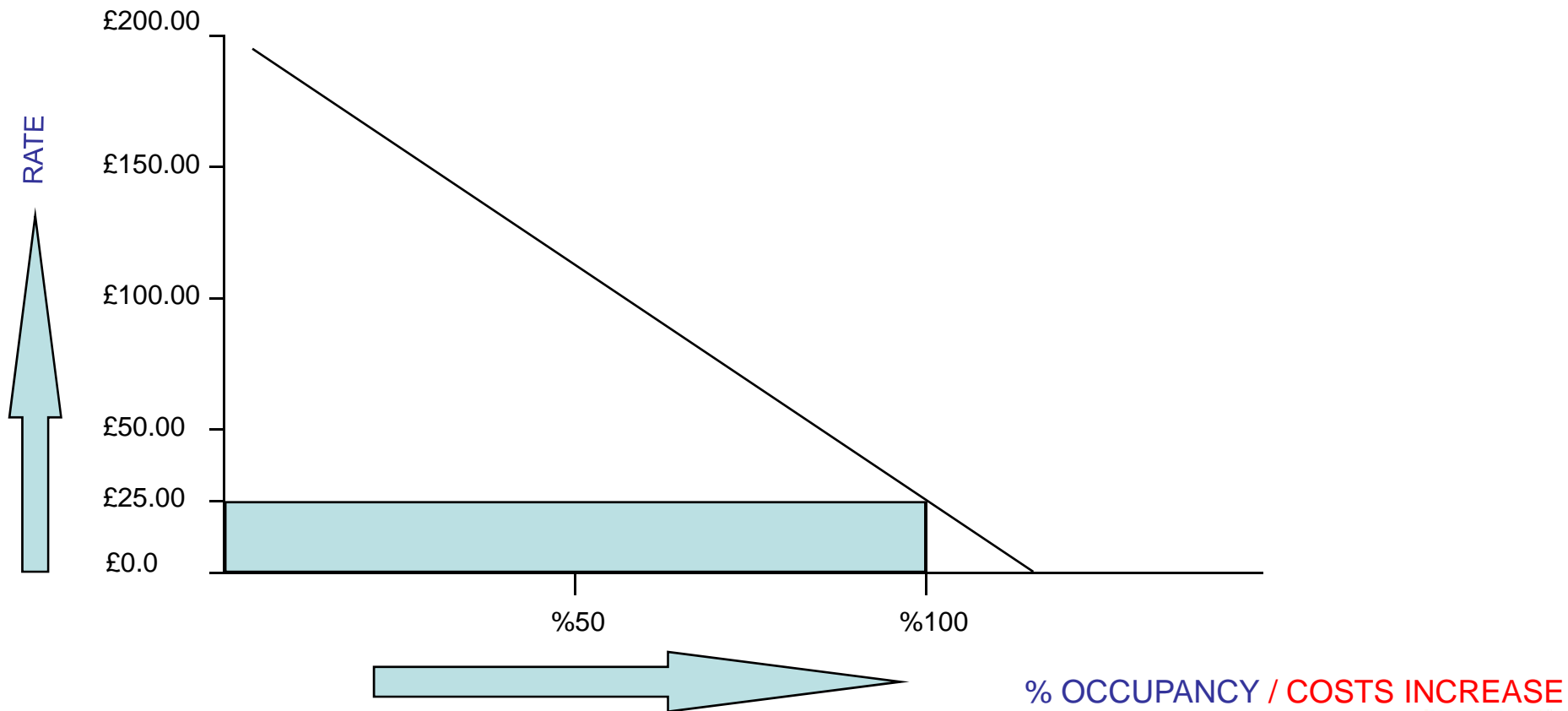
Hotel Yield Management

How Does it Work?



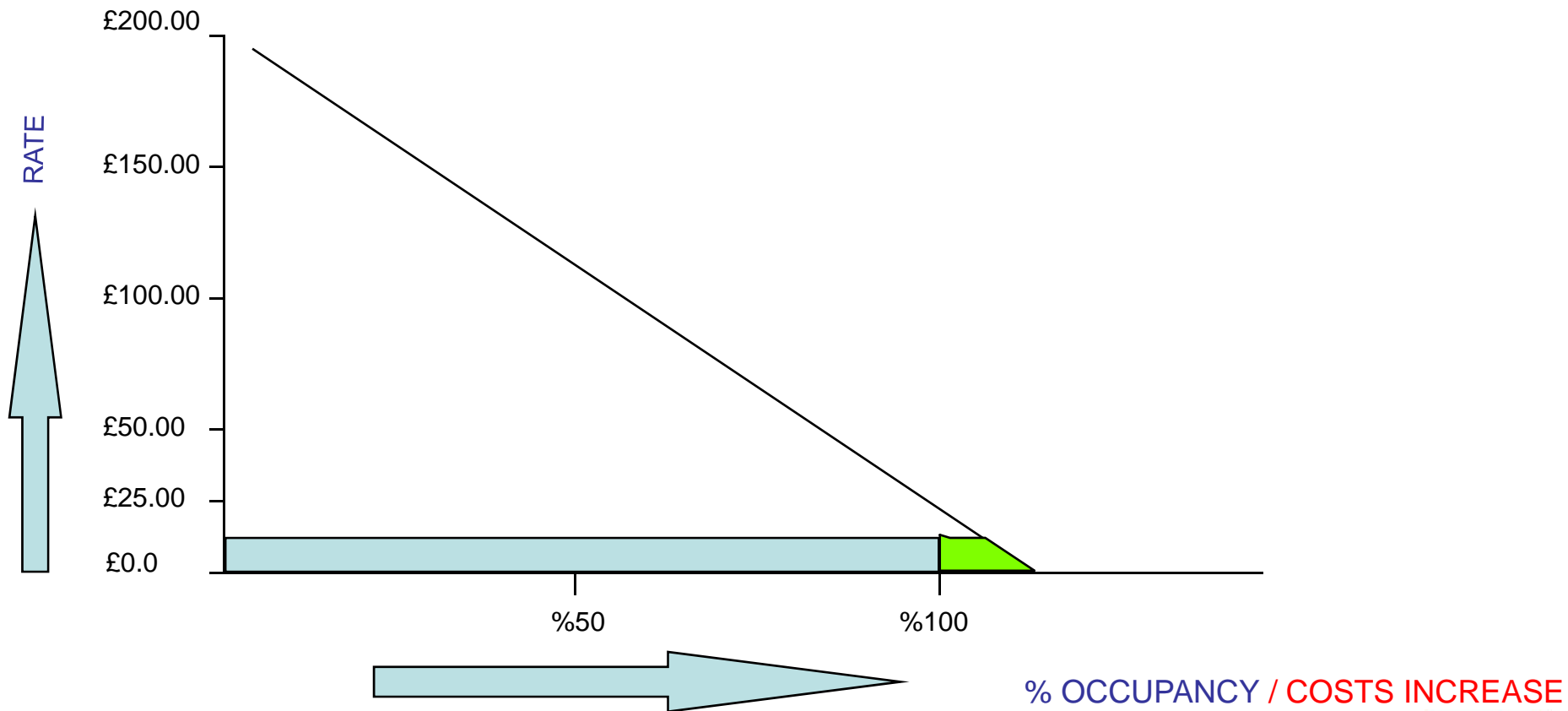
Hotel Yield Management

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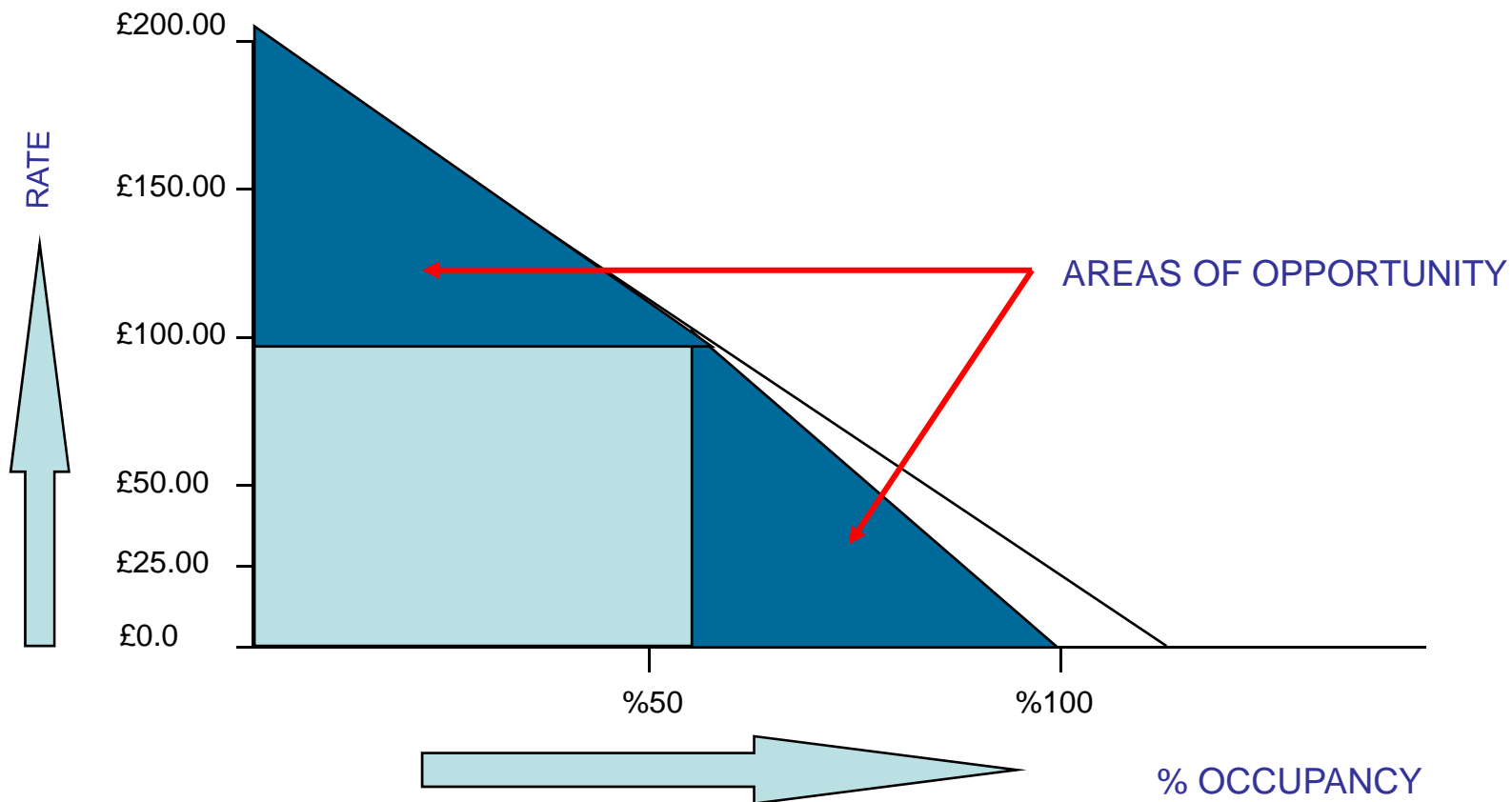
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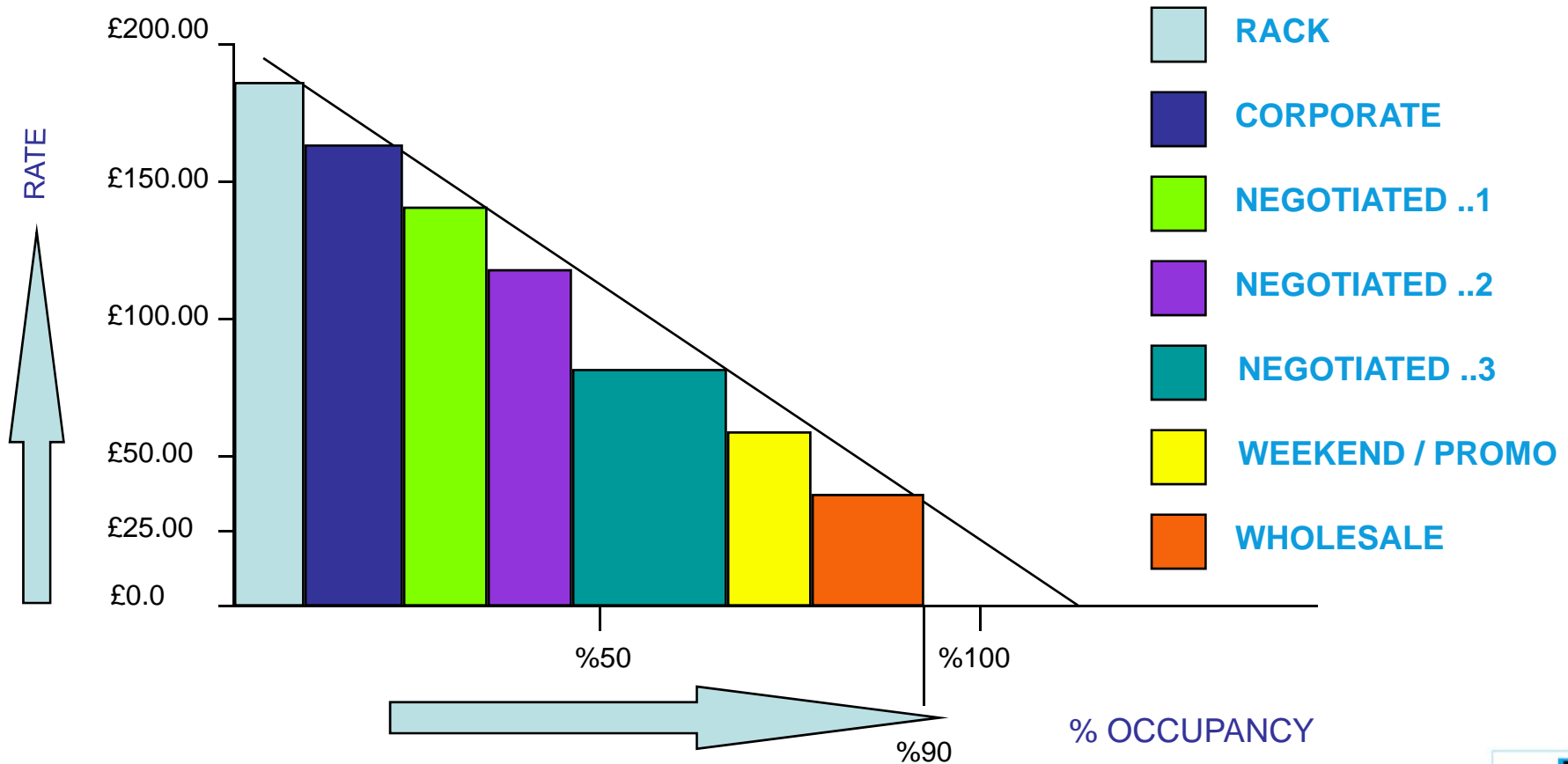
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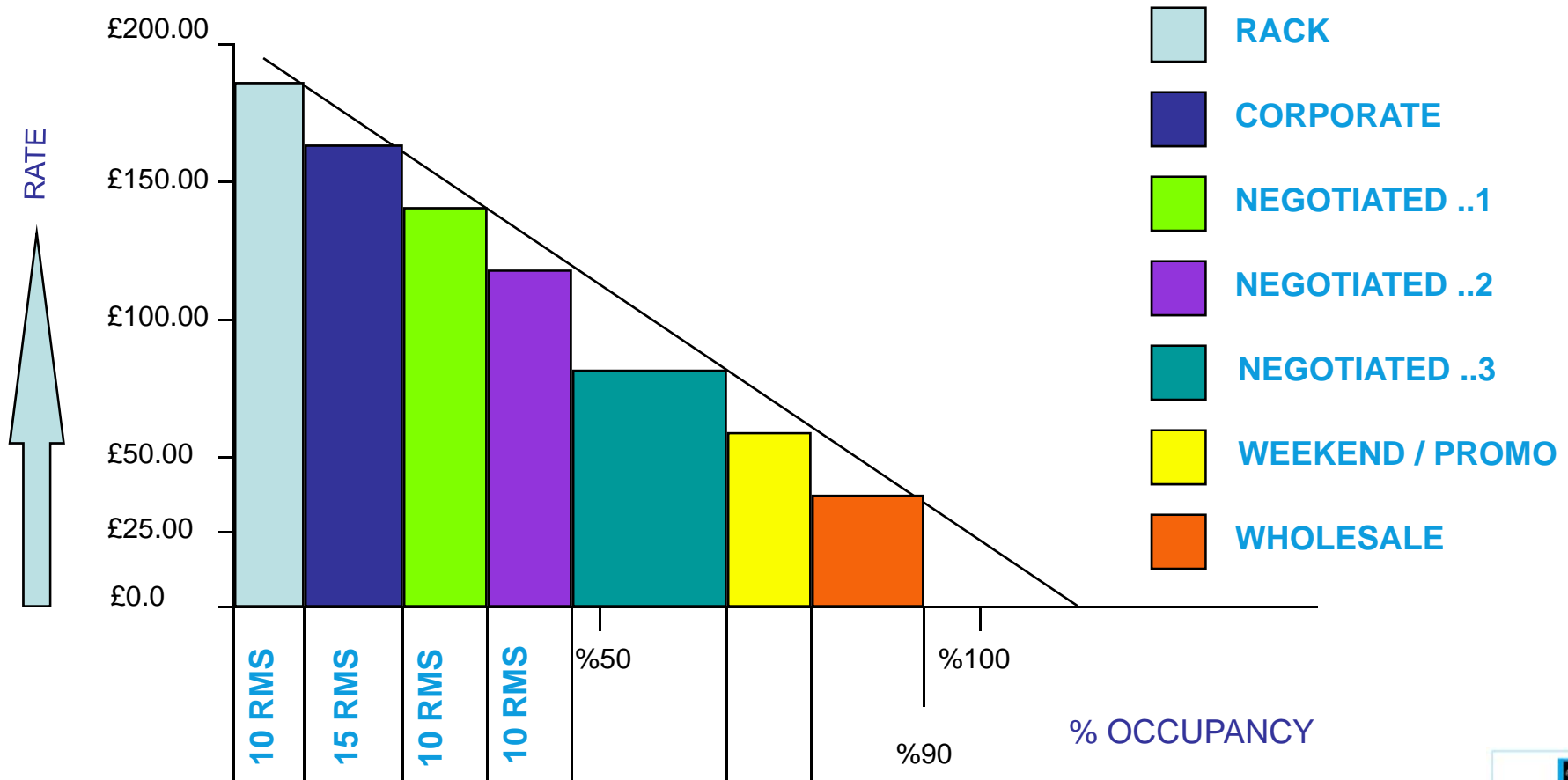
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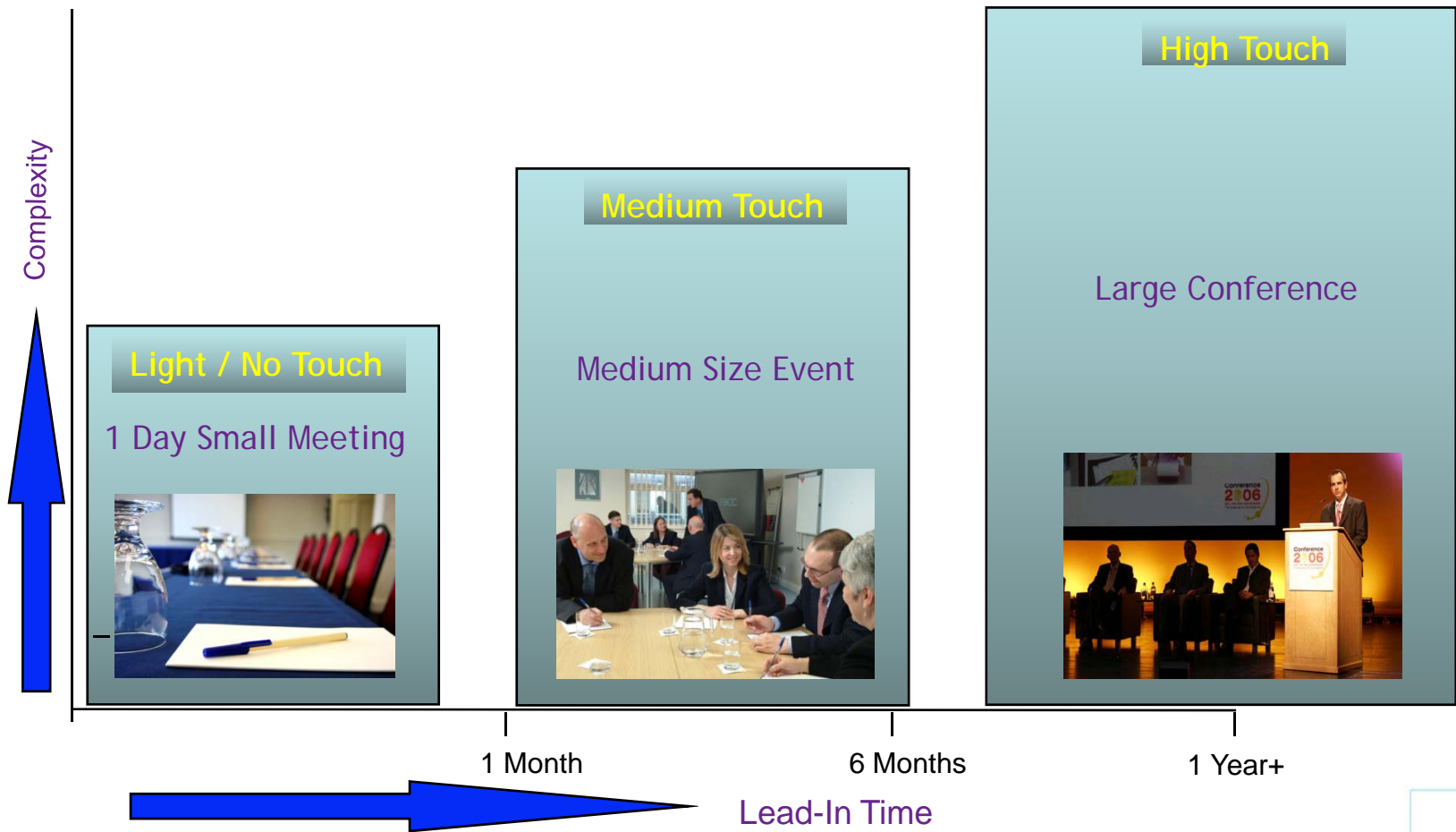
Hotel Yield Management

How Does it Work?



M.I.C.E Yield Management

What Are The Issues?



Hotel Pricing: Rate Availability

- In Y.M. Systems, rates do not change, however, the availability of rates will change
- Objective is to provide flexibility whilst maintaining simplicity

Hotel Pricing: Dynamic Pricing



- Deals can look very attractive initially but are not LRA based
- Corporate transient business tends to book with short lead-in times! Yield will kick-in!