

GOODBYE 2020

WHAT WE LEARNED

WHAT WE ABANDONED

WHAT WE WILL KEEP



ALE & SILVIA



INTRO

**WHAT WE LEARNED, WHAT WE ABANDONED,
WHAT WE WILL KEEP**



The best part of 2020 is that it is coming to an end, some would say.

We can only agree with this thought and turn our gaze towards a more radiant 2021, where vaccination makes us hope that we will return to normal and we will quickly forget the so inflated "new normal" we have been talking about throughout 2020.

But will it really be so? Will this limbo in which we find ourselves disappear completely to be replaced by our comfortable "same old, same old"?

It is difficult to say and making predictions is just pure guessing right now.

In this 4-handed summary written by me and Alessandro, we do not mean to make any predictions or prophecies, but to tell you how our limbo of 2020 has been and what are our resolutions for 2021, exploiting the little good that the crisis has brought: change and adaptation.

Our 2020 learning in 10 areas.

Enjoy, Silvia & Ale

Real time data matters

The pandemic has given a blow to the historical data, made the past irrelevant and transformed the “here and now” into our new reference.

What we learned:

Data is always relevant (no matter how bad the times can be) but the data reference can change. When the historical data becomes meaningless when volatility, uncertainty, complexity and ambiguity reign; our history is wiped off and we start zero-based: it feels like opening a brand new hotel.

Also, we've learned that the important metrics and KPIs change over time and we should be smart and flexible enough to adapt and comprehend a new way of doing things.

In Revenue, for example, RevPAR has been THE metric par excellence for many years, now being replaced by TRevPAR, RevPAG, ProfitPAR. In Marketing, take the example of all the recent news with Google Analytics 4: Bounce Rate has been a top KPI for decades, now totally being deprecated by Google itself.

What we abandoned:

The focus on internal data is not sufficient anymore: when the reservations and pick-up are stuck, we just cannot run reports!

We need to look outside to get information and data insights: big data, airlines, travel researches, analytics, industry publications, expert studies, global trends.

What we will keep:

The need to combine internal and external data in a way closer than ever before.

Every key player in the hotel industry: from the RMSs to the Digital partners, from the Rate shopping tools to the Channel managers just to name a few, are leveraging data from different sources acknowledging one simple fact – to cope with uncertainty you need to cope with big(ger) data.

Segmentation vs Targeting

The segment mix as we knew it is no longer existing, it is changing, adapting, and ever-evolving. Revenue segments are limited, and the segment analysis requires a more granular approach and move towards targeting.

What we learned:

Consumers' preferences change, we must not be comfortable with the idea of knowing who our customers are.

The change in segments behavior has caught many by surprise (let's think about booking windows shrinking, los changing, geo sources changes and the last minute unexpected demand for proximity travel) but only through constant questioning of the segments and their profiles we can be able to understand what their needs are and target them at best.

Furthermore, we've learned that Marketing and Revenue should work on bringing Targeting and Segmenting together.

The "Individual Leisure" segment all Revenue Managers are familiar with, is totally useless for Marketers. And on the other way around, a target audience including "women, aged 25-44, interested in Shopping" remains totally unknown to RMs.

What we abandoned:

The way we used to work with our segment strategy. By understanding the evolving changes in customers' preferences and the fact that we could rely only on 1 or 2 segments traveling, our focus is switching from the segments (revenue) to the targets (marketing).

The traditional revenue segmentation is dead, the traditional marketing targeting is dead too. Long live the combined segment/target approach to customer profiling!

What we will keep:

A more granular and complex segmentation now including segments and targets in our strategy. A new way of analyzing our demand, a diversified strategy taking into consideration plan A, plan B, Plan C.

Things might change unexpectedly and we must be ready to be proactive rather than reactive, adjusting our execution.

Quietly sitting in only the things that we know is a risky game to play.

Benchmark

We have way more competitors than we think.

What we learned:

The competitive set is fluid and broad.

Some segments and targets moved their preferences from hotels to vacation rentals, from the city center to outskirts, from long haul to short-haul travel and vice versa.

It can be temporary or everlasting, but whether the case our reference compset needs to constantly adapt for us to better understand and convert the demand.

We've learned the importance of "prospecting" as a better way to get ourselves in front of prospective customers BEFORE the competitors.

Why? Because the competitor is not only the hotel next door. The competitor is also the prospective customer himself who might be undecided whether to spend his \$2000 budget for buying a camera, or traveling and staying at your hotel: if he ultimately decides to get himself a camera, he automatically becomes a competitor.

What we abandoned:

The way we used to define our competition pre-covid: the traditional factors we used to base our assumptions on, to determine who our competitors are (like accommodation type, location, services).

The traditional criteria are now jeopardized, we need to question ourselves more and rethink our competition.

It is not efficient to just have competitor hotels similar by size, star rating and facilities. We have many more threats and the limited demand segments and targets of demands still traveling, are presented with a wider supply that might respond to their changing preferences.

What about the accommodation rental? That boutique hotel down the street? That 5-star hotel that dropped the pricing? If we do not change our point of view, we might become our own worst enemy.

What we will keep:

A more critical and broadened approach to competition.

With Airbnb IPO and the data trends showing that vacation rentals are ramping up, we need to be less picky and acknowledge that the world has changed.

New KPIs for the benchmark (RevPAG, GOPPAR...) and more awareness towards competitors vs market vs destinations.

It's never about the price, it's always about the value

Price matters when value ends.

What we learned:

The price war is an easy trap.

But we have so many ways to create value and it all comes down to understanding our customers (yet, again). Packages, promotions, value adds, extra nights, staycations, geo-targeted rates, bundling (or unbundling).

As long as we are clear on how the customers' preferences are evolving and what their needs are, we will make it right and save money and efforts on campaigns, promotional activities and packages that will not bring any ROI.

Playing the game of "one-size-fits-all" and just copy and paste what the "others" are doing, will turn you into a follower and surely not a winner.

Yet, value is a difficult asset to tap into, especially if we don't make the effort to think as if we were our customers. As obvious as it sounds, too many hotel players yet don't do that.

A whole book (probably a series of books) should be written about this topic.

However, as a starting point, you should consider that the value perceived by our customers first happens in their subconscious. And the first perceived value is giving the price.

In other words: low price, low value; high price, high value.

Thus, logically (and by the way, scientifically) price war is NEVER a good option.

The biggest problem is that adding value when guests are at the bottom stage of the funnel is very difficult, actually impossible.

So how to add value? How to get perceived as better than other hotels?

The answer, which you probably won't like, is simple: start marketing your hotel at a higher stage of the funnel.

What we abandoned:

Revenue management is only about pricing, about optimizing, only useful in periods of high demand. Disclaimer here: we never ever said that, just quoting what many people still erroneously think.

We are aware that there is a current of thought within the Hotel Industry that says that Revenue Managers are to become Data Scientists.

We respect this idea, but we want to make our point clear: we don't agree.

And actually, we believe the exact opposite. Even more so now, humanizing Revenue Management becomes crucial and the only way to move forward in our opinion, for the very reasons outlined also in this document.

What we will keep:

Revenue management is about working on the basis (segment, moment, channel, booking window, length of stay...), about driving and stimulating demand, crucial in low demand periods. When times are rough, creative thinking and strategic leadership take over.

Paid advertising: is it all about Google?

Big G is here to stay, but it is not the only one.

What we learned:

When times get tough, OTAs get weaker.

Paid advertisement via Google reached the lower point with less bidding coming from OTAs, allowing Hotels to organically improve their rankings and direct bookings.

Facebook and Social media have become more popular than ever, for guests looking for information and “dream” about their next trip, and for hotels willing to deeply target their customers base choosing carefully their profiles.

We’ve talked before about the importance of “Prospecting” as a way to reach out to prospective customers at a way higher stage of the funnel. That’s what Facebook Advertising is extremely good at (and better than Google).

And yet, the vast majority of hotels do NOT bid on Facebook.

We think this is so for 2 main reasons:

1. Lack of knowledge about the countless opportunities offered by Fb Adv.
2. It’s easier trying to do what everyone else does, thus competing with everybody else: it’s our nature as human beings, we tend to do what others do. Yet again, time to question ourselves: do we want to be followers or leaders?

What we abandoned:

The idea that the customer journey starts on Google when people enter some travel-related queries like the most classic *Hotel + Destination*.

We’ve also abandoned the idea (actually we never had) that Metasearch Engines are the panacea of all problems, that “we need to be on MSE”.

MSE are indeed powerful channels to drive direct business, but let’s ask ourselves, what’s the meaning of bidding on MSE when having a depressing 1% conversion rate on your site and booking engine?

It’s pure logic: MSE drives traffic, not reservations... so to convert that additional traffic into bookings, you must ensure to have a good conversion rate, otherwise, it’s traffic that will likely bounce, making you spend money for nothing.

In times like these where every single \$€£ counts, can we really afford it? (btw, do times in which we can afford to waste money really exist?)

What we will keep:

A Hybrid digital strategy: Google is relevant but it is not the only paid channel we should rely on.

Pay per stay, programmatic marketing, Facebook and IG ads, direct website marketing.

If before the pandemic we had a big G at the center of our thoughts, that's not necessarily the case anymore. Don't get me wrong, big G will stay. It's just evolving the way we use it.

Chatbots: the new high converting channel

A 24/7 technology for the higher conversion.

What we learned:

Revenue management is not just about Revenue Management Systems. It's about leveraging all kinds of technology that helps us convert and gather valuable insights and data about our customers.

We've reported of successful hoteliers who manage to thrive in 2020, despite the situation, by reaching 300% more direct bookings, including those customers who started their booking journey online to then convert either offline or via email and chat tools.

Does that sound so absurd?

It's actually quite normal if you think about all the skepticism and fear people might have, despite their wish to travel.

Therefore, before actually converting, we've seen that prospects tend to get in contact with the hotels on a 1-on-1 level. And chatbots are the perfect channel to deal with these situations.

What we abandoned:

The idea that Chatbots are "nice to have" or just a marketing tool.

More importantly, we've abandoned the idea that Chatbots are "no good standard" for our hotel.

What we will keep:

The awareness that the customer wants personalization and digital experiences that shorten the distances.

The awareness that we have the need to convert, gather data and, at the same time, free up operational time letting our reservations office or receptionists concentrate on more valuable activities rather than answering a chat.

Time to start anew with smart distribution

The disintermediation is dead, long live the smart intermediation.

What we learned:

For the 1st time in history, we've seen how vulnerable even the biggest 3rd-party players can be.

The OTAs have always had the upper hand towards Hoteliers. And let's be honest, seeing them in dire straits felt like a bit of revenge, demonstrated by the fact that for far more than 2 months almost nothing else did the industry talk about.

And yet, some of these OTAs keep acting with their typical "Robin Hood" attitude toward the Hotel Operators, offering solutions, foreseeing the future and, more importantly, claiming to be on the hotels' side.

Let's be clear: OTAs are no enemies. Nor friends. But in times like these we, hoteliers, need them as much as they need us, probably more than ever before.

Getting more direct bookings in times of covid may turn into "smoke and mirrors" hiding the truth.

The impact of the pandemic back in March was too terribly violent for the big OTAs too, resulting in a lack of transparency regarding refund policies. That may have boosted direct revenue especially in Summer times, but already by the end of the year, we've seen the OTAs business revamping quite well.

Maybe we should just realize that people are very good at forgetting. And what was a trend in summer has already been replaced by new trends... or old ones.

What we abandoned:

The idea that we are at the mercy of any 3rd-party players, OTAs first, then Google and all other Meta Search Engines. By the way, we've never thought so, but happy to see this conviction being eradicated into more hotel professionals' minds.

We've abandoned the idea that we cannot just live without that channel or the other, summer times have brought great real cases where some hotels totally lost the bookings from specific OTAs or Wholesalers compared to 2019 and still...their results in revenue, ADR and profit have been unexpectedly positive.

We abandoned the need to keep that channel just because "we have always been working with it and it drives volumes" even if its business model is completely compromised and is damaging rather than driving profits to the hotel.

The past will not return, at least soon, so we must take this time to make bold decisions and realize that generating a multichannel balance and mixing focusing on profits it's our job (it actually has always been).

What we will keep:

Our attention and focus on what we call “the battlefield”: Distribution.

Even more so now, when the whole industry is in dire straits and players will fight even strongly to get their part, we need to know what happens. And need to know how to defend ourselves.

Disintermediation does not exist, it is like believing that we can go back to the telephone landline in the era of the iPhone.

Let’s start using the definition of “smart intermediation”: the crises turned our channel mix upside down and that was the storm that finally created awareness on the fact that our channels matter and the way we manage them can either drive or displace revenue and profits for our hotels.

Time to draw a line and give to the distribution analysis the importance it deserves, for revenue, profits and our financial success.

Untapped extra revenue gain

It has never been about selling rooms only.

What we learned:

We talk a lot about shifting our focus from Product to People, which simply means focus on how you can be of benefit for your customers, rather than your rooms. In a word: customer's experience.

Before Covid, the concept of retailing was mainly used as a way to increase and maximize revenue.

Instead, retailing can be a powerful weapon to generate revenue at first sight. In essence, your rooms become part of a bigger experience customers may have when staying at your hotel.

And that's why the KPI called TRevPar becomes more and more relevant.

Standard, Superior, Deluxe rooms... those are just meaningless labels in the eyes of our customers. Let's focus instead on the features these rooms have that can be of benefit to the customers.

The road of relevance and effectiveness in the retail selling approach of the Hotels is still a long way to go, but the pandemic naturally accelerated the focus towards extra revenue and there are only new opportunities ahead.

What we abandoned:

Room-centered approach when we both do marketing and revenue.

Ultimately, if people travel and consider staying at your hotel, is it because of your hotel? Or because of your location, your city, your town? That's what "creating an experience" means when tapping into the real core reasons why people travel.

The "Rooms Revenue Manager" is an old-fashioned job title, we have been talking about "Total Revenue Manager" for years now. Definitely, the time to take that step ahead.

What we will keep:

Our focus on the customers. They are ultimately the final judges of our success (or failure).

Actually, this is not much of a “what we will keep”, rather a “what we will do more and better”. Focus on making them happy, really happy, by stepping into their shoes.

The awareness that less is more (vs too many options to please the hoteliers rather than the customers) and the standardization (one-size-fits-all) does not work.

If we change our perception of the hospitality business being less about just selling rooms and more like a retail business, we will look at our Hotels with brand new eyes and discover incremental revenue opportunities we did not realize existed before.

It's about being human

Man+Machine for a better profits and customer satisfaction

What we learned:

The very first skill that drives revenue, in every business, is EMPATHY, which is the ability to tap into other people's mindset and emotions.

In this rat race to the best technology tools, we often forget that even though we live in a digital era, we do business with other people, who take decisions based on their feelings and emotions.

Technology should replace us in the transactional non-value-add activities of our day to day job to free our time to go back to doing what we are meant to do: strategy and hospitality.

Saying so (also) from a personal experience: staying at a hotel for my birthday night, at check-in no one even noticed. Yet I was asked to become a loyal member... yeah, you bet!

We're saying this very clearly: tools are of great support, but with no strategy, it'll be like driving a Ferrari and crashing against the first wall.

What we abandoned:

The idea that technology is the solution, the panacea of all our problems.

The idea that technology is a threat because it will replace us.

The idea that technology is just for chains or big hotels and that it does not apply to small properties.

What we will keep:

Having technology do the dirty job for us is better than crunching numbers in excel. The cooperation man+machine is now stronger than ever, there cannot be one or the other.

The human fuels the tech with the right information, tech enhances the human.

Technology reduces the distance with our guests, still maintaining social distancing. A seamless hotel stay experience between tech and human is what our guests want, keep them engaged, increase customer satisfaction and ultimately improve our revenue and profits.

We, as humans, will keep our hearts and souls. Our attention and our love for our guests.

Nothing is for granted, that's a wrap

Fear, uncertainty, skepticism, worry. These, unfortunately, have become the bread-and-butter for all of us.

What we've learned is that we can't necessarily get rid of them. Instead, let's just accept the situation we are in and try to move forward.

We are doing our best to try to imagine the world as it will be, as opposed to how it used to be. And this is also our best suggestion for you.

We've learned that there are no templated solutions, no standards.

More importantly, there are no easy shortcuts. Good luck to you if you believe technologies will be the only answer. Good luck to you if you are looking for "something easy" that does the job.

Don't even trust us, when we say so. Instead, trust those who have managed to thrive, despite these difficult times. And you'll notice that the common denominator is never "best technologies" and "big investment", but rather a strategy, courage, creativity, commitment and open mindset.

Education and time for your self-improvement and learning in a world that goes fast is priceless, only through education, you can develop long term vision and clear objectives that will have you go through this and finally thrive.

It's a long path, but we really believe that we, as a resilient industry, can make it.

We are still running the marathon and we will need to keep on running for a while, but we will cut the finish line soon, so let's keep the focus on that.

Cheers, stay safe

Silvia & Ale

Silvia Cantarella

16 years of Revenue Management experience, spent mostly as Area Director of Revenue for some worldwide famous luxury hotels part of the Starwood Hotels & Resorts international chain.

She worked on hotel rebranding, new openings, repositioning projects and introduced the F&B & Total revenue management among the first in Italy.

In 2017 she left the chains to complete her experience in the world of independent hotels for which she currently works.

Founder of Revenue Acrobats™, she supports the hotels with tailored-made coaching and remote support as a freelance professional and in teamwork with some partners.

Keynote speaker, Silvia holds training days for several masters and universities including Ciset, University of Venice and Bocconi School of Management.

She is the chapter leader for Italy for the Women in Hospitality & Travel Tech community, supporting and promoting women empowerment and self-development.

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Alessandro Crotti

Alessandro Crotti (Ale) is Digital Strategist and E-Commerce Coach for Independent Hotels.

This is the only thing he has been doing for about 17 years now, helping Hotel Professionals generate more leads, more prospects and more bookings.

From Night-shift auditor, all the way up to Hotel Director. In between, Revenue & Distribution Manager, my first true calling.

It was in 2010 when Ale decided to move forward and combine Revenue Management with his other passion: E-Commerce & Marketing.

Direct Your Bookings™ is the ultimate result of this powerful combination, what I define as a bridge that connects pricing, hotel distribution, branding and marketing.

Keynote speaker and Online Tech Mentor for Hospitality Leaders, Ale is a tech guy but, deep down, always considers himself a Hotelier.

Because also "nerds" have a heart.

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