

Maximising your revenue just got easy

BY CHANTAL MORTIMER

Maximising every opportunity to increase revenue is a time consuming, yet necessary business activity. Every unsold room in your property tonight is lost income, never to be realised. How much lost opportunity do you experience because of time restraints or not having a simple method to manage this automatically?

Yield Management is the term used when you maximise your revenue by applying a strategy that takes into account your overall rate management, revenue streams and the distribution channels you use (i.e. own website, Wotif, LastMinute etc...). It's a term a lot of small property managers are aware of but shy away from implementing because it's too complex and time consuming to manage.

Did you know that Yield Management has been in use for over fifteen years in the airline industry and large hotel groups and is considered to be a mainstream business practice? With the ability to understand, anticipate and influence your guest's booking patterns you can maximise your room revenue considerably. This is also known as the ability to 'sell rooms to the right guest at the right time for the right price'.

The basics of Yield Management for accommodation are:

- Having a set number of rooms available to be booked
- A time limit to selling the rooms (tonight!) after which they cease to be of value
- Knowing that different guests will pay different prices for the same room types

Let's take a look at four simple Yield Management steps that you can apply to increase your revenue.

1. In the Short Term range (next 0-3 days):
Increase your rates by \$10 on days where occupancy is over 90%
2. In the Medium Term range (next 4-10 days):
Increase Rates by \$5 on days where occupancy is over 80%
3. In the Long Term range (next 11-30 days):
Increase Rates by \$10 on days where occupancy is over 70%



4. Apply a Stop Sell to all rooms on Online Sales Channels (e.g. Booking.com) on days where occupancy has reached 80%.

Once you have your strategy worked out, the next challenge is to find time to implement and manage the constantly moving occupancy of your property. That's where technology comes into play. Automating these processes lets you get on with the business of managing your guests.

Centium Software, the developers of the multi-award winning accommodation management software, GuestPoint® recognised the challenges facing small properties in developing a Yield Management strategy and also finding the time to manage it. RevenueMaximiser™ is the new, easy to use tool that is included in GuestPoint® and constantly monitors your occupancy and adjusts room rates, based on simple rules you create.

You can very easily:

- Increase your rates by a fixed amount, or percentage, once you reach a pre-set occupancy
- Decrease your rates by a fixed amount, or percentage, if you are below pre-set occupancy
- Set the days of the week to adjust rates
- Set different increases, decreases and occupancy levels for short, medium and long term date ranges
- Turn off specific online channels once occupancy reaches set levels (requires a Channel Manager e.g. Site5Minder, ResOnline or Seekom Channel Manager)
- Specify any rates not to be adjusted

Putting this into practice, you might decide to increase your rates by \$10 once you reach 80% occupancy within the next 5 days and decrease rates by \$15 if you have not reached 60% occupancy within the same date range. You might also increase rates by \$5 when you reach 70% occupancy between 5 to 15 days out. Additionally, you can remove inventory from specific sales channels, (e.g. Wotif or Booking.com) for any nights when you reach 80% occupancy.

Once you set these rules, RevenueMaximiser™ automatically take care of the details. At any time you can quickly make changes and adjust the strategy for different times of the year when your booking trends alter i.e. Christmas, Easter and school holidays.

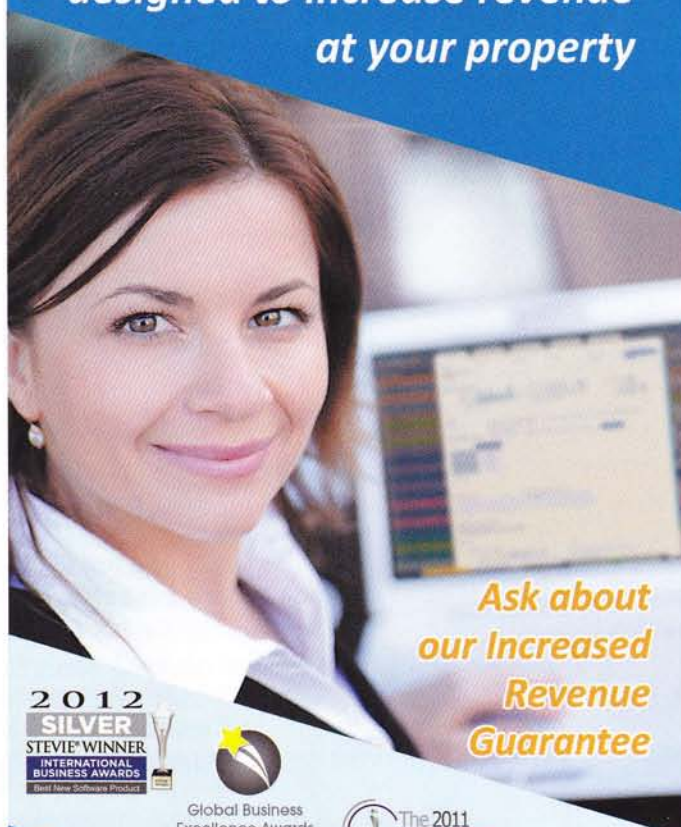
Tonight, after your last guest checks in, and you are wrapping up for the day, do a quick calculation of how much lost revenue is sitting in your empty rooms. Am sure you'll agree that a system that works 24/7 to maximise your revenue will pay for itself very quickly.

Chantal Mortimer is the Director of Marketing at Centium Software, producers of the award winning GuestPoint® property management system. For more details www.centiumsoftware/guestpoint/intro

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- ▶ Automatic rates and inventory updates to your online channels (eg Wotif)
- ▶ Facebook booking page
- ▶ Secure Credit Card Vault
- ▶ RevenueMaximizer™ to automatically maximize your rates



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