

**PROFITABLE
REVENUE
MANAGEMENT**

Session



**Driving a winning
Sell Out
Efficiency**



Europe Revenue Management

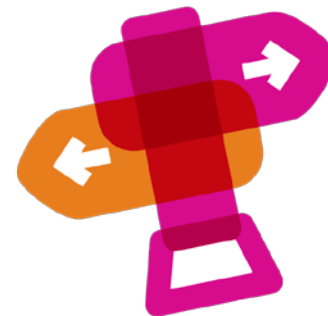
November 2012





Agenda for this 30-minute online session

- 1 Overbooking & Selling to capacity explained
- 2 Overbooking methods in PERFORMsm
- 3 Best Practices





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Overbooking & Selling to capacity explained

1

2

3



Overbooking & Selling to capacity

Are we REALLY fully booked?

- Let's discuss the following example:
 - "It's Friday morning and next Tuesday is currently showing 0 rooms to sell. You arrive to work on Monday morning and your PMS says you are -2 for Tuesday. The following morning you arrive at work to find you are selling rooms again..."
- If we had the chance to manage our inventory again, what decisions would you make? What factors would you consider?





Overbooking & Selling to capacity

What is it?

- What is Sell Out Efficiency
 - A metric to measure the success of our inventory management during high demand period (95%+ Occupancy)
- What is Overbooking?
 - Overbooking is adding additional room counts to Holidex Plus[®]. This allows Holidex Plus[®] to sell above the actual capacity of the hotel for a specific date
- Why set Overbooking Values?
 - A Hotel should set overbooking values to maximize occupancy and revenues by compensating for expected No Shows and Cancellations, this should Increase sell out efficiency and RevPAR





Overbooking & Selling to capacity

Example & Benefits

- If a 100 bedroom Hotel, sets an overbooking level of 3 for a specific date, then Holidex Plus[®] will have a total of 103 rooms to sell
- On day of arrival the Hotel has sold all of the 103 rooms
- On day of arrival 3 bookings do not arrive
- The Hotel has therefore achieved sell out and has increased RevPAR





Overbooking & Selling to capacity

Example & Benefits

In Numbers...

Without an Overbooking Level

Hotel Capacity	Overbooking level set	Total Rooms Avail	Rooms Sold for Day of Arrival	Cancellations on day of Arrival	Total Rooms Sold	Rooms Revenue	Occupancy	ADR	RevPAR
100	0	100	100	3	97	£14,550	97%	£150	£145.50

With Overbooking Level

Hotel Capacity	Overbooking level set	Total Rooms Avail	Rooms Sold for Day of Arrival	Cancellations on day of Arrival	Total Rooms Sold	Rooms Revenue	Occupancy	ADR	RevPAR
100	3	103	103	3	<u>100</u>	<u>£15,000</u>	<u>100%</u>	£150	<u>£150</u>





Overbooking Level Factors to Consider

Denial History
(including LOS
Denials)

Historical
Performance

Competitor
Analysis (who is
selling what, when
and for how much)

Number Of
Individual Arrivals

Number of groups
arrivals still un-
named

Cancellation
Trends

Non Arrivals

Pre-paid vs.
Flexible rate

Regulars vs. non-
regulars

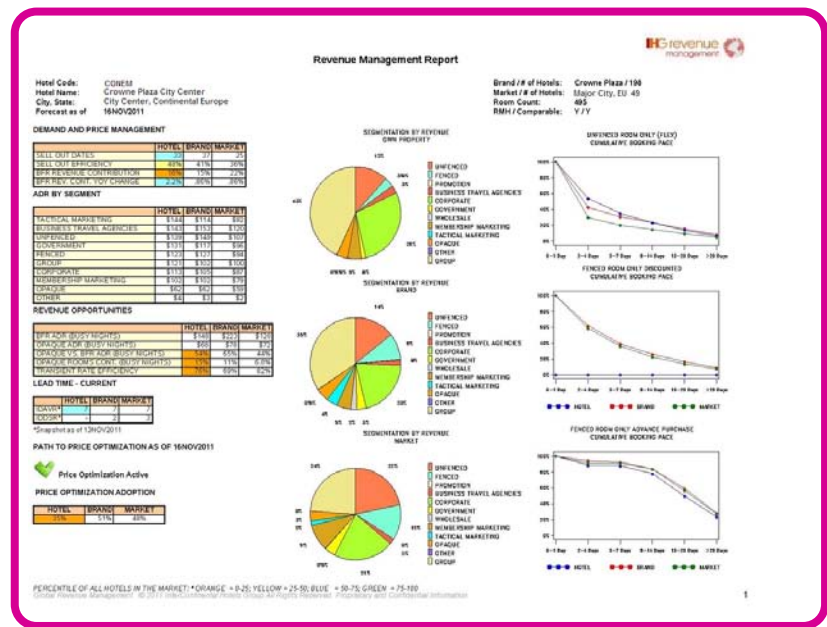




Overbooking & Selling to capacity

Where can I find my Sell Out Efficiency

- One single place! The Revenue Management Report (inc. Predictive Demand Intelligence)
- Merlin ► Applications ► IHG Reporting ► Rooms and Revenue ► Revenue Management





Overbooking & Selling to capacity

Measuring your Sell out Efficiency

- What is it telling me?
 - The hotel has achieved **33** sell out nights for the period date range
 - The hotel is selling out **48%** of the time when presented with the potential opportunity
- How to use this information?
 - How is the hotel trending? Compared to previous reports, **brand** and **market**
 - Is there an opportunity to improve my **sell out efficiency**?
- Which action can I take?
 - Review **overbooking** level on busy nights (identified in your demand calendar and/or on the **Predictive Demand Intelligence** section of the report)
 - Educate team members about **overbooking** to build up their confidence in its benefits

Sell-out Efficiency

$$\frac{\text{Total number of sold out nights}}{\text{Total number of busy nights}}$$

HOTEL

DEMAND AND PRICE MANAGEMENT

	HOTEL	BRAND	MARKET
SELL OUT DATES	33	37	25
SELL OUT EFFICIENCY	48%	41%	36%
BFR REVENUE CONTRIBUTION	16%	15%	22%
BFR REV. CONT. YOY CHANGE	2.2%	.86%	.86%

*Sold out nights: >= 98% Occupancy | Busy nights: >= 95% Occupancy





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Overbooking in PERFORMsm

1

2

3



PERFORM Intelligent Decisions



PERFORM allows a Hotel to control the number of guest rooms authorised to sell above the actual capacity of the hotel for a specific date. The goal is to **overbook** enough rooms to fill the hotel based on expected **No Shows** and **cancellations**

Given that typically there is **demand** that does not book, **PERFORM** recommends an amount by which the hotel should overbook to compensate for the expected loss





PERFORM Overbooking

PERFORM calculates the **Overbooking System Value** by considering the hotel's **No Show** and cancellation rates by Day of Week and amount of time before arrival date. The **PERFORM Overbooking** Value is dynamic and can change with each system optimisation

- Overbooking Values are calculated for each **Product Class**
- The user may choose to use **Overbooking** for each or all of the **Product Classes**
- **Overbooking** Values can only be set on a **Product Class** with a **Flow-Through** Room Type





Overbooking Options System Value

If the user uses the **PERFORM** Overbooking System Value, the number is dynamic. This value changes based on **occupancy** percent, **No Shows, cancellations** and number of days prior to arrival

EXAMPLE

- The **PERFORM** system suggested **Overbooking** Value is 6. As the arrival date approaches, this value may change to a higher or lower value based on conditions at the hotel. If the expected **occupancy** percentage changes to 99 or 100%, then the **PERFORM** system **Overbooking** Value may drop to zero





Overbooking Options User Value

If an **Overbooking** User Value is set, then the **Overbooking** Value remains in place unless the user changes the number

EXAMPLE

- The user sets an **Overbooking** Value of 10. The **Overbooking** Value of 10 remains in place unless the user changes the value





Overbooking Options

CAP

If the user sets an **Overbooking** CAP Value on the **Overbooking** System Value, then the CAP Value remains in place unless the System Value falls below the CAP. At that point, the **Overbooking** System Value is the Overbooking Value in use

EXAMPLE

- The **PERFORM Overbooking** System Value is 6 and the user sets a CAP of 3. The **Overbooking** Value remains at 3 unless the **PERFORM** system Value drops below 3. At that point, the **Overbooking** Value in use is the System **Overbooking** Value





Overbooking in PERFORM

Step by Step

To change overbooking values by date range, navigate to the **Overbooking** screen by following the path in **PERFORM**:

- System Adjustments -> Overbooking -> Overbooking by Date Range

Set Overbooking values for each day. After you change a value, press 'ENTER' or 'TAB' to see the effect of your entries. Click 'Cancel' to exit this screen.

PC	Setting	Fri 08 Jul	Sat 09 Jul	Sun 10 Jul	Mon 11 Jul	Tue 12 Jul	Wed 13 Jul	Thu 14 Jul
PC1	Suggested Overbooking	0	0	0	0	0	0	0
	Type	User	User	User	User	System	User	User
	User Overbooking or CAP	0	0	0	0	0	2	0
	Current Overbooking	0	0	0	0	0	2	0
	Rooms Authorized	0	0	0	0	0	2	0
Remaining Supply	-22	-17	0	0	0	2	0	
PC2	Suggested Overbooking	0	1	1	1	1	0	2
	Type	User	User	User	User	User	User	User
	User Overbooking or CAP	0	0	0	0	2	0	0
	Current Overbooking	0	0	0	0	2	0	0
	Rooms Authorized	109	109	109	109	111	109	109
Remaining Supply	26	17	29	19	26	20	28	







Overbooking in PERFORM Step by Step

The **Overbooking** by Date Range pop-up displays

OVERBOOKING BY DATE RANGE

Start Date: *  End Date: * 

	PC1		PC2	
<input type="checkbox"/> Monday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Tuesday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Wednesday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Thursday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Friday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Saturday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Sunday	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> All Days	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>







Overbooking in PERFORM

Step by Step

Use the Calendar tool to select the start date for **overbooking** to apply

OVERBOOKING BY DATE RANGE

Start Date: * 

PC1 

<input type="checkbox"/>	Monday	<input type="text"/>
<input type="checkbox"/>	Tuesday	<input type="text"/>
<input type="checkbox"/>	Wednesday	<input type="text"/>
<input type="checkbox"/>	Thursday	<input type="text"/>

July 2011

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						







Overbooking in PERFORM Step by Step

Use the Calendar tool to select the end date

- Note: if only one day is selected, the start and end date will be the same

OVERBOOKING BY DATE RANGE

Start Date: * 07/06/2011  End Date: * 

PC1 **PC2**

	PC1	PC2
<input type="checkbox"/> Monday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Tuesday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Wednesday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Thursday	<input type="text"/>	<input type="text"/>

July 2011

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						







Overbooking in PERFORM

Step by Step

Select the day(s) of week for which **overbooking** should apply

- NOTE: Multiple days or All Days of the week can be selected by marking the appropriate check box(s)

OVERBOOKING BY DATE RANGE

Start Date: * 07/06/2011  End Date: * 07/15/2011 

	PC1	PC2
<input type="checkbox"/> Monday	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/> Tuesday	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/> Wednesday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Thursday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Friday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Saturday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Sunday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> All Days	<input type="text"/>	<input type="text"/>





Overbooking in PERFORM

Step by Step

Use the drop down menu next to each day of week selected to choose the **overbooking** type (User, System, Cap)

- If System overbooking type is selected you will not need to enter an amount
- **NOTE: You may select a overbooking type by Product type. This allows each product class to overbook**

		PERFORM	
<input type="checkbox"/>	Monday	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Tuesday	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Wednesday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	Thursday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	Friday	<input type="text"/>	<input type="text"/>





Overbooking in PERFORM

Step by Step

- ‘User’ and ‘Cap’ **overbooking** type requires a numerical value
- If “User” is selected, type the amount of rooms the **PERFORM** system should overbook for the product class for that day of the week
 - If ‘Cap’ is selected, type the **maximum** number of rooms the **PERFORM** system should **overbook** for the **product class** on that day of the week
 - **NOTE: The number entered must be a whole number between 1 – 1000**

PC1			
<input type="checkbox"/>	Monday		
<input checked="" type="checkbox"/>	Tuesday	User	5 ←
<input checked="" type="checkbox"/>	Wednesday	User	9 ←





Overbooking in PERFORM Step by Step

Click on the Save Changes button

- NOTE: If the Save Changes button is grayed out or not available, an error has occurred. The error is highlighted in red. Correct the error before saving

	PC1	PC2
<input type="checkbox"/> Monday	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/> Tuesday	User 5	<input type="text"/>
<input checked="" type="checkbox"/> Wednesday	User 9	<input type="text"/>
<input type="checkbox"/> Thursday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Friday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Saturday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Sunday	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> All Days	<input type="text"/>	<input type="text"/>

Buttons: Undo Changes, Cancel, Save Changes



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Best Practices

1

2

3



I am overbooked! What shall I do now?

- Remain calm
- Regularly check local hotel availability (just because the hotel down the road was full at 7pm, does not mean they will be at 9pm)
- Make sure you have copies of direction to alternative hotels to give to guests being re-accommodated
- Only re-accommodate to hotels of a similar standard or higher
- If you have seriously exceeded your capacity consider re-accommodating guests BEFORE they arrive at your property. Guests much prefer to have advance warning in these situations





I am overbooked!

Remember our brand standards

DISHONoured RESERVATIONS

In the event an overbooking occurs due to an unforeseen stay over or any other circumstance, and a room is not available to a guest holding a reservation (prior to 16.00h), or a guaranteed reservation, the hotel must do the following:

The Guest Service Manager or MOD must meet with the guest and:

- Explain the circumstance and reason for the situation (i.e. guest staying over).
- Apologise to the guest and explain what will be done.
- The hotel must arrange and pay for the first night's accommodations at another InterContinental Hotels Group hotel if available, or at another comparable and convenient lodging facility.
- The hotel also must reimburse the guest for any reasonable expenses incurred by reason of the change, including transportation and the cost of telephone calls to notify family.
- For 16.00h reservations, the hotel must reimburse the guest for the difference, if any, in the first night's lodging rate, plus tax if the guest arrives by 16.00h.
- For Guaranteed All Night Reservations, the hotel must pay the full cost of the first night's lodging rate, plus tax, at another InterContinental Hotels Group hotel or at another convenient and comparable hotel.
- If the guest has paid an advance deposit, this must be refunded to the guest in addition to the payments described above.
- If the guest is still not satisfied, the hotel is responsible for taking additional necessary measures to satisfy the guest, including but not limited to a free return stay at their hotel, etc.
- If a hotel does not deliver the guaranteed reserved and confirmed smoking/non smoking preference, the hotel must provide the guest with their first night's stay free (room only).

The General Manager/MOD is required to personally contact the guest that night or the following morning by phone. They must:

- Apologise for the situation, and inquire into the guest's satisfaction with the alternative accommodations.

For groups, a "walked room" (when a guest must be re-accommodated in another hotel) must count toward their contracted complimentary room policy (e.g., "one complimentary room for every 50 rooms occupied", etc.).

Guest complaints are investigated and if the hotel is found to have not complied with these standards it will result in loss of CQI Guest Relations points.





I will need to re-accommodate guests Who can't I re-accommodate?

- Priority Club Members (who should all be pre-checked in)
- Key corporate accounts
- Lone female guests
- Disabled Guests
- Previous book-outs
- Group members where other guests may leave
- Guests staying more than one night





Exceeding capacity is never our intention

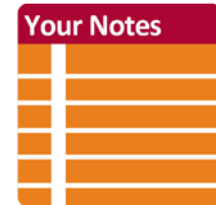
Make sure to follow up

- Make a note of the guest name, telephone number, where they stayed
- Call the onward hotel and speak to the guest. Check everything is suitable in the new hotel
- Pass this information through to your General Manager who must call the guest to apologise again and to check guest satisfaction with the way the situation was handled
- Confirm apology in writing
- Make a note for the guest's return visit to upgrade or similar gesture from the manager





Driving a winning Sell Out Efficiency Action Planning



1. Ensure to set overbooking levels based on facts and numbers
2. Educate the full team to understand your selling to capacity strategy
3. Use the Revenue Management Report to track your progress
4. Provide Front Office team with procedures in case they need to re-accommodate guests
5. Review constantly overbooking levels





Questions

To contact Europe Revenue Management
Email: europerevmgt@ihg.com