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The Fast-Forward Tech Stack for 2024

The Hotel Yearbook Technology 2024

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Harnessing a holistic commercial strategy to break the ‘silo mentality’

Distribution & Revenue

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Synopsis

As the COVID-19 pandemic brings about unprecedented disruption, the hotel industry must pivot and adapt by embracing innovation and developing a holistic commercial strategy. Traditional siloed operations should give way to a unified approach, integrating sales, marketing, revenue management, and distribution teams under one strategic umbrella. Leveraging technology and data analytics, hotels can gain actionable insights, forecast demand, devise targeted marketing campaigns, and set effective pricing strategies. With the agility to quickly adapt, hotel operators can seize growth opportunities, improve operational efficiency, and foster collaboration, ultimately leading to sustainable profitability in a dynamic market environment.

Periods of disruption often serve as catalysts for innovation, and the hotel industry is currently experiencing a transformative phase due to the impact of the COVID-19 pandemic. Formerly successful strategies have quickly become outdated as consumer behavior, competition, and forecasting methods have evolved.

This article explores the importance of recognizing and seizing new growth opportunities by adopting a holistic commercial strategy in the hotel industry. By breaking down departmental silos and leveraging technology solutions, hotels can enhance operational efficiency, foster collaboration, and achieve sustainable profitability.

THE SHIFT FROM TRADITIONAL APPROACHES

The pre-COVID business landscape no longer accommodates the hotel industry's conventional practices. To thrive in this new and dynamic environment, hotel commercial teams must rapidly identify emerging opportunities.

Amidst the crisis, investment in innovation may have taken a back seat as short-term issues demanded attention. But, it is crucial not to overlook the potential for growth through innovation. By prioritizing innovative solutions, hotels can differentiate themselves from competitors, gain actionable insights, and develop a unified commercial strategy.

BREAKING DOWN SILOS: A PARADIGM SHIFT

In the past, hotel commercial teams have predominantly functioned with a "silo mentality." Individual departments worked independently, stunting collaboration and blocking unified organizational goals.

This disjointed approach not only diminishes efficiency but also prevents hotel commercial teams from seizing opportunities promptly. Overcoming this mentality calls for leadership that cultivates a shared vision and encourages teams to focus on profitability. A comprehensive commercial strategy becomes essential to merge sales, marketing, revenue management, and distribution teams.

DEFINING THE HOLISTIC COMMERCIAL STRATEGY

A holistic commercial strategy unifies revenue-generating teams within a hotel, including sales, marketing, revenue management, and distribution.

Typically overseen by a Chief Commercial Officer or Director, this strategy needs executive approval to challenge industry standards. By employing data-driven decision-making and adjusting to a rapidly evolving market, hotels can calibrate their strategies to current circumstances, streamline efficiency, and bolster profitability.

EMBRACING CHANGE FOR GREATER EFFICIENCY

The pursuit of operational efficiency and data-driven strategies should not be seen as a seismic transformation but rather as an evolution that has been accelerated by the pandemic.

Many leading industry players have already embraced these changes, collaborating closely with revenue management, distribution, and digital marketing teams to enhance profitability.

While smaller hotel operators may face unique challenges, they possess the agility to quickly adapt without bureaucratic obstacles.

EMBRACING TECHNOLOGY: THE KEY TO SUCCESS

To effectively implement a unified commercial strategy, hotels need technology solutions that provide actionable insights throughout the commercial cycle.

Utilizing real-time data equips teams to devise common strategies and track progress, guaranteeing steady success. Effective demand forecasting, in combination with targeted marketing initiatives and dynamic pricing, form the backbone of the commercial cycle.

FORECASTING DEMAND IN DYNAMIC MARKETS

Embracing new market intelligence, powered by forward looking data is the first step to breaking the silo effect at your hotel and implementing a holistic commercial strategy.

Historical data has taken a backseat and it is now mission-critical to utilize technology capable of unveiling new and evolving patterns of customer behavior.

These technologies empower commercial teams to identify early demand signals and swiftly convert potential guests from passive observers to active bookers. Revealing unconstrained demand and providing a competitive edge.

In a market characterized by rapid fluctuations, predictive market intelligence offers a lifeline. It enables hoteliers to generate accurate forecasts, facilitating informed revenue decisions based on real-time, forward-looking demand projections.

By effectively predicting demand levels through early demand signals, hoteliers can seize short, mid, and long-term revenue opportunities, outpacing competitors with well-calibrated pricing, discounting, and promotional strategies.

IDENTIFYING AND CAPTURING DEMAND WITH DATA-DRIVEN SALES AND MARKETING STRATEGIES

Market intelligence can provide real-time insights into the origin and development of market demand. This granular information encompasses sub-location/airport of origin, geo-search, stay patterns, and various accommodation types, including alternative rentals.

Armed with data on booking windows, stay patterns, and demand origin, hoteliers can craft targeted marketing campaigns that resonate with guests still in the inspiration phase of their customer journey.

By personalizing digital advertising efforts and directing them to areas with proven demand, hotels can achieve improved return on investment (ROI) and increased revenue. Such data-driven marketing approaches enable budget optimization, allocating resources to high-demand markets and segments while minimizing investment in those unlikely to yield desired ROI.

CAPTURING DEMAND WITH AN EFFECTIVE PRICING AND PROMOTIONAL STRATEGY

Setting room prices appropriately serves as the cornerstone of revenue management.

However, crafting an effective pricing strategy amidst a myriad of factors can be daunting. Real-time, actionable data is the key to gaining control and making confident decisions. While demand is subject to frequent changes due to events, timing, trends, and competition, the difficulty lies in balancing supply and demand.

To overcome these complexities, automated rate intelligence is essential. Leveraging real-time rate and market data, revenue managers can swiftly analyze competitors' rates and adjust their own, enhancing efficiency and freeing up time for crucial tasks.

It also empowers all commercial departments, providing a bird's-eye view of the rate environment, thereby improving business performance and informing marketing campaigns.

FINAL SAY

Now is the perfect time to develop a holistic commercial mindset and strategy, driven by real-time historical, current and future-looking data, which bridges the gaps between your departmental silos.

By realigning your commercial 'North Star' you can effectively pivot to a more efficient way of working and get the best out of your revenue generating teams - establishing yourself as a market leader in 2023.



Gino Engels — Chief Customer Officer, OTA Insight

Gino Engels is the Co-founder and Chief Customer Officer of OTA Insight. Since 2012, the company has grown from a small disrupter challenging an established marketplace, to a business supporting over 60,000 hotels and accommodation providers in 185 countries.

OTA Insight — otainsight.com

OTA Insight empowers hoteliers to deliver smarter revenue, distribution and marketing outcomes through its market-leading commercial platform. With live updates, 24/6 support, and highly intuitive and customizable dashboards, OTA Insight integrates with industry tools including hotel property management systems, leading RMS solutions and data benchmarking providers.