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# The Fast-Forward Tech Stack for 2024

The Hotel Yearbook Technology 2024

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# The next wave of revenue: How retailing is impacting hospitality

Distribution & Revenue

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### Synopsis

This article provides guidance for hoteliers, advocating for a shift from a room-centric model to personalized guest experiences and ancillary services as revenue streams. It encourages a mindset change to focus on Total Revenue per Available Room (TRRevPar) instead of the traditional room-only metrics. This retailing model aims to increase revenue, enhance guest experience, and future-proof the hospitality industry with technology integrating retailing solutions with booking, voice applications, and task management tools.

What if you could create personalized guest experiences by selling anything?

### EXPAND GROWTH THROUGH NEW LEVERS

Imagine a world where you can inspire someone with a targeted offer such as a cabana. When they enter the booking path, they are presented with options that help them personalize their stay such as an ocean-front room, the cabana that enticed them, spa appointments, and a late check-out. As they build out their experience, their mental picture becomes more vivid, driving greater conversions with users being twice as successful in booking ancillaries, and you have confidence that you can bring it to fruition with fulfillment tracking.

### ENABLE CHOICE BY SELLING ANYTHING AND ACCELERATING REVENUE

We understand the challenges put in front of hoteliers in an ever-changing landscape. So how do we get them to confidently create, distribute, and deliver tailored experiences to meet guest expectations? The future of hospitality retailing extends from attribute-based selling to beyond the room - it's about selling anything so you can delight everyone by enabling choice, and ultimately driving more revenue.

With the right tools, we can empower hoteliers to manage, distribute, and fulfill unlimited non-room and room offers through any point of sale along the traveler's journey. Thus, enabling hoteliers to drive brand differentiation, maximize revenue opportunities, and personalize the customer experience. Because when everything is an attribute, the possibilities are endless.

### SELLING ANCILLARIES AS AMENITIES

This can be as simple as allowing guests to choose extra housekeeping services for a fee, or to decline housekeeping in return for a reduced room rate or another incentive. These incentives could take the form of additional room services that are of value to them, including butler service, babysitting, and pet sitting, as well as extra amenities like luxury sheets or upscale toiletries.

Several basic hotel services can be monetized under a retailing model for both staying and non-staying guests, including dry cleaning, airport transfers, and transportation to local events and attractions. This is also true of hotel facilities including the spa, gym, golf, and pool area.

### CHANGING YOUR MINDSET TO DEFINE A RETAILING STRATEGY

Developing and implementing a holistic retailing strategy starts with a change in mindset. The mindset of most hoteliers currently is, 'I sell a room first and foremost and everything else I sell is in service of that room.' The typical measurements of success for this model are average occupancy or average daily rate. This mindset needs to change so hoteliers are no longer focused on selling rooms and what comes with them, but they start looking beyond the room. This change needs to be reflected in the metrics hoteliers use to measure revenue and success.

Hoteliers need to shift their thinking to be about total revenue per room, so anything else they can sell in the hotel becomes part of the equation to reassess the KPIs for their success. This change doesn't happen without a lot of hard work. A holistic retail strategy will also require hoteliers to make changes to policy, data collection, analysis, website design and positioning, staff training and incentives, marketing initiatives, and distribution.

The vision is that the offer can be anything, and a transaction on your booking engine does not have to include a room reservation. Perhaps a local would like to pay for a massage and wine tasting at your property. Or maybe a guest already booked a room and now wants to add an airport transfer and champagne. It gives you and consumers ultimate flexibility.

Today's hoteliers consider revenue per available room (RevPar) as the main metric in measuring their success, but this measurement is limited to occupancy and rates. RevPar is insufficient as a success metric because it only has a few levers to pull (occupancy and rates). To generate greater revenue and increase guest satisfaction, hoteliers will need to focus on total revenue (TRRevPAR).

This means that success relies heavily on volume and throughput. However, recent years have shown us that resiliency requires many levers - we must re-evaluate the path to success. By calculating TRRevPar, you take into account the total income obtained by the guest including the room, on-property restaurant, additional services, and ancillaries. It focuses on the guest's general expenditure outside of the room and allows hoteliers to compare themselves with competing hotels regardless of the services offered.

Hoteliers who are implementing new retailing technology are seeing 2x unit transaction growth, an average of \$225 USD of ancillary purchases per room booking, and +34% growth in their average monthly ancillary revenue overall. These properties, even with a few live ancillary offers are still seeing a revenue increase.

A commonality we've seen with early adopters is that they are cautious when it came to building their virtual storefronts. Most of them began by keeping offers they previously had on dynamic packaging and simply moved them into a new retailing model. This presents offers in a more convenient way for the customer as part of their same booking experience, encouraging engagement and driving additional revenue and a more valuable guest experience.

## THE FUTURE OF RETAIL FULFILLMENT

And the industry won't just stop there... Today's retailing solutions are PMS-centric, driving on-property ancillaries, but soon these solutions will integrate with booking engines, voice applications, and task management solutions. With technology that is accessible anywhere, providing you with greater flexibility and scalability, you too can step into the future of retailing. Open an endless array of additional revenue and service opportunities. Provide tailored choices, create memorable stays, and deliver the personal experience guests have come to expect.



### **Frank Trampert** — SVP, Global Managing Director, Sabre Hospitality

Frank Trampert is senior vice president, global managing director of community sales for Sabre Hospitality Solutions. Within his role, Frank is responsible for leading global sales, customer engagement, account management, and marketing for all of Sabre's community partners worldwide. Frank has well over two decades of experience within the hospitality industry, having held a variety of roles of increasing responsibility across multiple hoteliers worldwide. Most recently, he served as managing director and chief commercial officer, EMEA and APAC, at Sabre. Prior to that, Frank held the roles of CEO and chief operating officer at Tune Hotels Group. He also held senior roles at Wyndham Hotels and Resorts and Brand Karma. Additionally, Frank spent 13 years at Carlson Rezidor Hotel Group, where he ultimately held the role of EVP, revenue generation for APAC.

### **Sabre Hospitality Solutions** — [sabrehospitality.com](http://sabrehospitality.com)

Sabre Hospitality Solutions enables hoteliers to enhance the guest experience, identify cost savings, and increase revenue. The cloud-based, SaaS solutions powered by the SynXis Enterprise Platform, used by more than 39,000 hotels, resorts and chains, provides unlimited scalability to manage all distribution, operations and retailing needs across every touch-point of the guest's journey.