

Lodging Management Program 2010 Island Competition

Sales & Marketing Case Study Bringing Back Revenue Management

Please read the following scenario and then on the third page provide the information asked for. You have 15 minutes in which to complete the exercise. You will then be given 10 minutes to present your study to the judges. Good Luck!

John, the Front Office Manager at the Royal Bonita Hotel, called a meeting of his front desk and reservations team to tell them about putting in place the revenue management program. He started the meeting by saying, "You've all worked really hard at filling our rooms these last few months. Our General Manager is very proud of you, and I am too! Although we've met our occupancy goals, our guest mix is not where we would like it to be. Also, our average daily rate is down nearly \$12.00. We need to review the revenue management program we use."

"What's that?" asks Jose, a new front desk agent. "I've never heard anything about a revenue management program."

"Just a minute, Jose" says John, "there are some of you who have been recently hired and haven't really been trained on this program, but I am sure I've talked about it a little with all of you at some point or another."

"Well you told me a little bit about it," Tina, a reservation clerk says. "I'm not really comfortable with it, honestly. One day I quote a guest \$102.00 and he booked a suite. The next month when he called back to make another booking I quote him \$122.00. then he asks why it went up so much...what am I supposed to tell him?" "There are things you can tell the guests who ask that question, but we don't have the time right now to get into that," John snapped.

Armando, the front desk agent who's been on the job the longest, speaks up. "John, I've been using the yield management program ever since you told me about it." Then he said to his co-workers "It's not that unreasonable when you are able to look at the overall picture of how much revenue our hotel brings in. I just tell the callers that our rates depend on their arrival dates. Some weeks are busier than others, and that affects how much we charge. You know, like Golden Week when we get lots of tourists from Japan."

"You're right Armando. We've had a lot of changes since we started pushing for volume. For example, we've hired a lot of new employees and we even made changes in the yield management program," John commented.

“Will we still be offering the \$92.00 supersaver rate?” Tina asks. “We get a lot of repeat business because of that rate.” “We don’t need to use it next week,” Armando offers. “The JATA Convention is on-island and every hotel is booked solid. We can afford to charge more next week.”

“That’s right, Armando,” exclaims John. “I know it’s good to be popular with guests, and it’s easy to book a room with the supersaver rate when a potential guest doesn’t like to hear a quoted rate, but that discount is only supposed to be used as a last resort or for a special circumstance. We need to make adjustments to our selling and pricing strategies when there are special events coming on island, like this convention.”

Bringing Back Revenue Management

Team # _____

Team Name: _____

What are some ways that John could make his employees more familiar and comfortable with a yield management program?

List 3 or 4 procedures

1. _____

2. _____

3. _____

4. _____

