

CASE STUDY

THE CHALLENGE:

Two independent hotels in Los Angeles (one in Beverly Hills and one in Brentwood/West Los Angeles) frequently fell just slightly short of fair share of RevPAR when compared to the comp set, and also struggled to make their budget targets. The market also had an influx of new competitors (9%) that exceeded the increase in demand to the area (6.4%). Consortia production was frequently booking through multiple channels and thus difficult to quantify. The larger hotel (over 150 rooms) struggled to fill due to physical limitations in its ability to accommodate groups. The smaller hotel (less than 100 rooms) would frequently fill, but would fall short of comp set ADR on busy dates.

THE SOLUTION:

We completed a thorough distribution review of key channels and installed the IDeaS G3 revenue management system. Our distribution review found that many consortia rates were closing for all future dates due to a technology issue between the property's PMS and CRS system, which was resolved by re-mapping the consortia rate plans. We were able to assist the larger hotel in getting substantial base business from online partnerships and new wholesale relationships to layer on top of a constrained group base. The RMS system helped us to identify emerging trends at the Beverly Hills hotel much sooner than was done previously, which allowed the hotel to really capitalize on ADR during compression dates. Both hotels benefitted from room type sharing, which kept entry level price points open much longer, and improved pick up in-the-month-for-the-month. Strategic property overselling based on history allowed each property to perfect sell on busy days, which maximized both occupancy and ADR. Strategic rate overrides to lower BAR pricing on Sunday/Monday improved RevPAR index on the STR significantly, and with a rationally priced BAR, the properties did not need to execute as many discount programs, which had the additional benefit of improving parity across all partners, and improving placement in the sort order.

THE RESULTS (BEVERLY HILLS HOTEL):

- 101.5 RevPAR index achieved through better ADR performance
- +12.2% growth in RevPAR - +2.3% growth in index
- +\$250k performance to budget through April
- +\$21 YOY improvement in RevPAR
- 8% improvement in occupancy
- Exceeded budgeted department profit by 14%

THE RESULTS (BRENTWOOD/WEST LA HOTEL):

- 9% YTD growth in transient RevPAR index achieved through better occupancy performance
- +\$290k performance to budget through April
- +\$10 YOY improvement in RevPAR
- 5% improvement in occupancy
- Exceeded budgeted department profit by 8%



REVENUE MATTERS
profit from experience